HOLD FAST THAT WHICH IS GOOD

TRAFFORD
COUNCIL

ACCOUNTS 2011

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Notes to the Accounts (cont.)

foreword by the director of finance

Introduction

The Accounts 2011 contains a summary of the Council's financial performance for the year ended 31 March 2011. A summary of service performance is provided in the Council's Annual Report published separately on the Council's website.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011. The regulations require the accounts to be prepared in accordance with proper accounting practices and these primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom in 2010/11 (the Code) and the Service Reporting Code of Practice (SeRCOP) 2010/11, supported by International Financial Reporting Standards (IFRS).

The Code is the first to be based on International Financial Reporting Standards (IFRS). This has led to some significant changes to the format of the accounts and the treatment of certain transactions, and these are summarised below. The Code also requires IFRS to be adopted for financial statements from 1 April 2009 and this has required prior year financial statements to be restated. The main effects of this restatement is also shown below, with a detailed note included at the end of these accounts (pages 109-115).

Brief Guide to Accounts Contents Changes

A glossary of terms can be found on pages 119 to 122.

A description of the responsibilities of the Council regarding the Accounts 2011 is provided at page 9, and the Audit certificate will be included at page 10, when complete.

The Accounts are drawn from systems which in themselves must operate satisfactorily in order for the figures to be true and dependable. More information on the effective operation of the Council's systems, governance arrangements and control environment can be found in the Annual Governance Statement (AGS). The AGS does not form part of the Accounts, but it is published alongside so that it can be read in conjunction.

On occasions there can be choices in accounting conventions that would be more practical for a given organisation in order for it to show a truer reflection of economic activity or value. The Council's accounting policies are outlined on pages 18 to 27.

The main financial statements that make up the Accounts (pages 11-17) are; the Comprehensive Income and Expenditure Statement (CIES), Balance Sheet, Movement in Reserves Statement (MiRS) and the Cash Flow Statement. These are explained in summary below, with a full explanation included with each statement in the main accounts.

The Comprehensive Income and Expenditure Statement (page 11-12) shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated, as defined in the Code, over the period 1 April 2010 to 31 March 2011. However, the Council is required to set its budget and raise council tax on a different accounting basis than the Code, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the assets are consumed (e.g. cash is paid out when an asset is purchased, however it is charged to CIES as it depreciates);
- The law and the Council's management accounts make distinction between capital and revenue income. Under IFRS all income is treated the same and is accounted for in the CIES where required;
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned and become committed.

The variations in accounting treatment between the Council's management accounts and Accounts 2011 are dealt with in the Movement in Reserves Statement on pages 15 to 16, with more detail in note 7 on pages 29 to 38. A summary reconciliation between the CIES net gain and the management accounts net declared underspend position is provided later on in the foreword.

The MiRS (pages 15-16) also shows the movements in resources of the Council for the year split between usable and unusable reserves, the latter relating to accounting adjustments, and not cash backed.

The total net worth of the Council, assets less liabilities, in terms of statements of value is detailed on the Balance Sheet on pages 13 to14.

The Cash Flow statement (page 17) provides summary figures on the total movements in cash for the year.

Explanatory notes to the primary statements are provided on pages 18 to 108. These notes expand on the figures, providing greater detail and information as prescribed or as necessary.

A statement on 2010/11 capital expenditure and how this was funded can be found on pages 87 to 88.

The final statement is that for the Collection Fund (page 116). The Council has the responsibility for collecting all council tax due in the Borough not only for the Council itself but also for the GM Police Authority, the GM Fire & Rescue Authority and Partington Town Council, and also all of the National Non-Domestic Rates (Business Rates) on behalf of the Government. The Collection Fund accounts for all movements in Council Tax collected and distributed, as well as allowable costs chargeable by the Council to the fund.

Changes Reflected in the Accounts

Adoption of IFRS – format of accounts:

The effects of IFRS on the format of the accounts is significant and these are summarised below:

- New primary statements or changed layout. The CIES, Balance Sheet, MiRS, & Cash Flow, replace or amend all the previous primary statements;
- The order of the statements has been reprioritised from that suggested in the Code to reflect stakeholder requirements;
- A third balance sheet is reported as IRFS applies from 1 April 2009, and hence the opening balances for the comparative year 2009/10 are required to be restated;
- A number of first time IFRS adoption notes are included, particularly at pages 109 to 115, which are for this year only.

Restatement of balances under IFRS:

- The opening Balance Sheet for 2010/11 shows a £60m increase in net assets;
- This is primarily due to changes to the way government capital grants are shown of £65m; and
- A new requirement to account and accrue for staff leave that has not been taken by 31 March, which established an opening accrual of £(5)m;
- Capital grants are now shown in the CIES where applied during the year, or if no conditions are attached to their use. This has increased income shown in the CIES by £12.5m in 2010/11;
- Introduction of component accounting for non-current (fixed) assets, including a new accounting policy to introduce a de minimis level of £1m before reviewing for component assets. No material adjustment has been required;
- Introduction of a new asset classification of "assets held for sale", which were shown mainly as part of surplus assets in the past;
- Provisions are analysed between short and long term for the first time. Short term provisions relate to planned insurance claims and staff severance at 31 March;
- New terminology of usable and unusable reserves.

Other changes – Pensions:

- The Chancellor's budget statement on 22 June 2010 required the value of future pension increases to be linked to the Consumer Prices Index and not the Retail Prices Index as previously. The effect has been a £(60)m gain in past service costs shown in the CIES under Non Distributed Costs. This has no effect on the General Fund Balance as is adjusted in the Pension Reserve.

Key Issues in the Accounts

The following key issues are brought out below to help explain the financial statements.

Comprehensive Income & Expenditure Statement (CIES):

- Accounting adjustments explain the difference between the financial accounts, a surplus on services of £44m, and the underspend of £2m reported in the management accounts, summarised later in the foreword;
- The total balance on the CIES has moved from a £146m deficit to a £(140)m surplus. This mainly comprises pensions CPI changes £(60)m, improved pension asset/liability valuations £(240)m, effects of asset disposals £10m, and year on year movements in net service expenditure £14m;
- There is a material/unusual charge to the accounts in 2010/11 relating to staff severance costs £1.5m;
- An exceptional item is included for VAT refunds of £(0.9)m, in addition to £(2.4m) received in 2009/10 – this is following successful claims made to HMRC.

Balance Sheet:

- Increase in net assets of £139m, due to
- Reduced pension liability £149m;
- Reduction in non current assets of £(9)m, which comprises additions of £22m, depreciation and impairment writedowns of £(23)m and revaluation increases of £2m and disposal of £(10)m in respect of asset sales including adjustments for an academy and foundation schools being removed from the balance sheet;
- Increase in short term investments £34m, due to £20m new borrowing and rephasing of capital projects;
- Assets held for sale increase of £6m, related to the land sales programme;
- Increase in earmarked reserves £4m, includes £0.7m insurance, £1.6m LAA Reward Grant, and transfers from General Fund Balance;
- Capital Adjustment Account reduced by £14m related to accounting entries;
- Pension Reserve corresponding decrease to liability £(149)m.

Collection Fund:

- Reduced surplus available to support future budgets (from £0.7m to £0.3m);
- No plans to use surpluses beyond 2011/12;
- Backdated valuation claims and limited growth in taxbase also a pressure on the overall surplus;
- Collection rates remain the best in Greater Manchester.

Accounting Policies:

- Introduction of a new policy on component assets;
- All other policies are unchanged, however the Code has changed some of the accounting treatments.

General Fund

The original budget was set by the Council on 24 February 2010 in the sum of £159.666m. This resulted in a Band D Council Tax of £1,105.23 for services which are the responsibility of the Council to deliver, or £1,302.21 when precepts for the Greater Manchester Police and Fire and Rescue Authorities are included. This is £117.45 (8.3%) below the average tax level of Metropolitan Authorities. The approved budget contained a provision funded from reserves for the possible introduction by the Government of the "Personal Care at Home Bill" of £0.2m. Following the General Election and change of Government in May this element of the budget was no longer required, and the in-year budget changed to £159.450m. The amended budget was financed as follows:

	£m
Government RSG	8.9
Redistributed Business Rates	61.0
Council Tax	87.8
Reserves	1.8
	159.5

Outturn of Financial Performance
Monthly budget monitoring took place from May 2010. The actual spending in the year was £157.217m, representing an underspend on overall planned activity of £(2.233)m:

	Budget £m	Actual £m
Trafford provided services:		
- Children & Young People's Service	30.8	30.4
- Communities & Well-Being	62.1	62.2
- Environment, Transport & Operations, and Economic Growth & Prosperity	22.5	23.0
- Transformation & Resources	17.0	16.9
- Council-Wide budgets	1.5	(1.0)
Levies to other organisations:		
- Integrated Transport	14.4	14.4
- Waste Disposal	10.4	10.6
- Other levies	0.8	0.8
Total	**159.5**	**157.3**

The major variations from the amended budget are:

Area of Variation from budget:	£m
Demand led services:	
- Children's Social Care	0.6
- Adult Social Care	0.6
Economic climate (income loss)	0.8
Cost control / austerity measures	(1.4)
Delayed capital borrowing	(1.2)
VAT Refund	(0.8)
Improved debt collection rates	(0.8)
Total Outturn Variance	**(2.2)**

2010/11 presented a number of financial and other challenges:

- The budget was based on £6.8m of efficiencies;
- In July, the new Government changed grant funding reducing the Council's allocation of Area Based Grant by £1.6m;
- In response to the Government's policy to reduce public spending the Council introduced a further £0.6m of austerity measures in preparation;
- Investment rates remained low and long term borrowing rates static. Whilst income was less than estimated, costs were avoided by delaying some borrowing;
- The Council experienced an unusually high turnover in senior management, and significant organisational change in terms of service responsibility transferring between directorates.

Within the context of the economic climate, changes in Government and funding, significant organisational and managerial changes the Council achieved its efficiency target, identified and delivered further efficiencies and controlled overall spend within the approved budget. Additional reductions to the outturn in terms of short term decisions to delay borrowing and VAT claims added £2m to the underspend.

Reconciliation between Statutory Accounts and Management Accounts

The Council's management accounts outturn position is an underspend of £(2.2)m (analysed above), whereas the Surplus/Deficit on the Provision of Services in the CIES on pages 11 to 12 shows an underspend of £(44.1)m. The overall surplus balance on the CIES is £(139.7)m after including asset revaluations of £(1.3)m and actuarial gains on pensions of £(94.3)m.

The differences between the CIES and the Council's management accounts are adjusted for in the Movement in Reserves Statement (pages 15-16). This statement reconciles the surplus on provision of services in the CIES to the movement in the General Fund Balance (first column of the MiRS, with detail in note 7). The General Fund Balance reflects the overall financial activity of the Council on the same basis on which the budget was set and taxation planned to be raised.

The decrease in General Fund Balance is £1.4m, as detailed below, and also contained in the Revenue Budget Outturn report available on the Council's website.

CIES account reconciled to outturn	£m
CIES Account Surplus on Service Provision	**(44.1)**
Accounting adjustments in MiRS:	
- Capital charges	(26.5)
- Capital Grants	12.5
- Pensions	54.6
- Net transfers to earmarked reserves	6.4
- Net transfer (from) schools reserves	(2.4)
- Other	0.9
Total adjustments	**45.5**
Decrease in GF Balance	**1.4**
Add back:	
Budgeted support for GF	(1.5)
Additional spend from GF	(1.3)
Transfer from service reserves*	0.3
Transfer from schools reserves	(2.4)
Net transfer (to)/from other reserves	1.3
Total Outturn Variance	**(2.2)**

* The transfer to service reserves is the total of net service underspends in 2010/11 (Table 1 of the Revenue Budget Outturn report). These will be carried forward into 2011/12.

General Reserve

It is a requirement to maintain a General Reserve that will reasonably meet unforeseen expenditure and provide sufficient working capital. The Council set the minimum level for the General Reserve at £5.0m on 24 February 2010. The balance at the start of the year was £8.345m, and following a number of authorised transfers to support projects and initiatives (see Table 3 of the Revenue Budget Outturn Report), and including the 2010/11 net underspend, the balance at the end of the year is £6.881m. On 23 February 2011 the Council established a minimum reserve of £6m for the year 2011/12, and of the brought forward balance £0.7m is planned to support the 2011/12 budget.

Trading Organisations

The Council maintains a number of trading operations (see note 30 page 75), which made a surplus in the year on normal activity of £(0.330)m.

Capital Investment

Capital expenditure for the year amounted to £37.1m, details of which can be found on pages 87 to 88:

Expenditure	£m
Schools investment	19.3
Highways improvements	7.8
Home Owner Assistance	0.9
Recreation & Culture	0.7
Social Services	3.0
ICT Investment	1.6
Town Centre Regeneration	1.4
Recycling & Community Safety	0.6
Supporting infrastructure	1.8
	37.1

Major projects included the commencement of the scheme to rebuild St Ambrose College, £3.9m spent on improvements to the primary school estate as part of the primary capital programme and £1.2m spent on a new HR/Payroll IT system developed in partnership with Stockport and Wigan councils.

The expenditure was financed by:

	£m
Borrowing	8.6
Grants and Contributions	24.6
Capital Receipts	3.8
Earmarked Reserves	0.1
	37.1

The Council has approved a Capital Strategy and an Asset Management Plan which are in place to identify priorities for capital investment. The strategy and plan are supported by the three year capital programme, which is the budget year plus two additional years of proposed spend. The programme is reviewed every year in the light of available resources, and during the year schemes can be moved (deferred or accelerated) in the programme dependent upon the progress to either maximise capital investment spend or avoid overspending.

During the year a number of assets were disposed of, including two schools that opted to go foundation and academy status. These assets were written out of the Council's asset register.

There were no significant liabilities entered into during the year.

Treasury Management
The Council proactively manages both long term loans and investments to minimise the interest paid on external borrowing, and to generate as high an income level as possible on cash deposits commensurate with the risk to the principal invested.

Throughout 2010/11 the Council complied with its legislative and regulatory requirements, including compliance with all treasury management prudential indicators.

In 2010/11 the treasury management activities undertaken achieved a net saving in interest against budget of £(1.2m). This was due to an increase in investment interest receivable of £(0.1m) and savings in loan interest payable of £(1.1m).

Treasury Management - Debt
At 1 April 2010 the Council's total level of debt was £82.4m and as a result of planned debt repayments of £1.4m to the Public Works Loans Board (PWLB) and £20m of new debt being taken from the Money Market this increased to £101.0m as at 31 March 2011. The Council continues to remain in a position of being under borrowed in order to counteract the continuing uncertain economic situation and counterparty security and as a result of this action £(1.1)m of debt interest was saved.

The average rate of interest payable during the year was 5.94%, which compares with 6.17% in 2009/10. The following table provides further details, including the average interest loan rate at 31 March 2010 and 2011.

	as at 01.04.10	**as at 31.03.11**
Average weighted maturity of long term loans (in years)	23.5	28.0
Number of loans	38	37
Value of loans	£82.4m	£101.0m
Average loan rate	6.17%	5.28%

Further details can be found in note 50 on page 101.

Treasury Management - Investments
The Council operates its own trading function for the investment of surplus cash deposits. The Council's investments totalled £80.0m as at 31 March 2011 and this compares to £46.2m as at 31 March 2010. The increase is mostly due to the taking out of £20m of new borrowing and the rephrasing of some capital projects. For reference the total number of investments undertaken in 2010/11 was 296, totalling £560m in 25 institutions and this compares to 2009/10 when 288 investments were placed totalling £531m in 29 institutions. In 2010/11 an average investment rate of 0.89% which is 0.46% above the market benchmark (London Inter-bank BID rate) was achieved. This compares with the rate above LIBID for 2009/10 of 1.09%. However, 2009/10 benefited from investments made before market rates were affected by the recent economic situation. Further details can be found in note 8 page 39.

Collection of Council Tax and Business Rates
The Council collects Council Tax on behalf of itself, GM Police Authority, GM Fire and Rescue Authority, and Partington Town Council. It collects National Non-Domestic Rates (NNDR) on behalf of the Government on an agency basis.

A total of £91m of Council Tax was collected, a performance of 97.4% (97.0% in 2009/10). Details of the Collection Fund can be found on page 116, which shows an overall surplus of £0.4m. This surplus is distributed to the Council and the Fire and Police Authorities on a proportionate basis. Trafford's share of the surplus is £0.3m which is shown in the Balance Sheet (page 13).

For the third year running collection rates are the highest ever achieved by the Council, and the best rates amongst fellow Greater Manchester authorities. However, the surplus has been adversely affected by back-dated valuation adjustments, discounts and exemptions.

£144m of NNDR was collected, a performance of 98.6% (98.1% in 2009/10). This is an improved collection rate, and is also the highest amongst fellow Greater Manchester authorities. All NNDR is collected on an agency basis and paid to the Government. The Government re-

distributes NNDR to all local authorities on a per capita basis, from which the Council received £61m in 2010/11.

Net Pensions Asset / Liability

The Council participates in the Local Government Pension Scheme, administered by Tameside Metropolitan Borough Council. At 31 March 2011 the Council had a net liability for pensions of £112.1m, which compares with £238.2m at 31 March 2010. The reduction is a combination of higher than expected returns on investments, continuing low rates of inflation and the change in valuation basis of future liabilities from RPI to CPI.

The Council also has liabilities for the Teachers Pension Scheme, administered nationally by the Teachers Pension Agency, at 31 March 2011 totalling £19.6m, which compares with £22.7m at 31 March 2010.

Further details on the Council's overall net pensions asset/liability are included in notes 46 and 47 on pages 92 to 97.

Provisions and write-offs

Total debt written off during 2010/11 included £1.1m of business rates, £0.2m council tax and £0.1m of other debts. These were within expectations and the Council continues to review and provide for bad and doubtful debts as appropriate.

Events after the Balance Sheet Date

Note 6 on page 29, details three events relating to:

- transfer of land at Chester Road, Stretford;
- commencement of a lease of property at Quay West;
- further VAT refunds of £(1.2)m in April and May 2011.

Future Budgets

Information on the planned future expenditure and the financial environment of the Council can be found in the Medium Term Financial Plan (MTFP) and Medium Term Financial Strategy (MTFS) respectively, which are on the Council's website.

Future Developments

There are a number of future events that will have a bearing on the normal activities of the Council:

- The impact of the economic climate is most manifest in terms of income reduction and the increase in benefit claimants. In other services, such as social care, it is difficult to measure the impact of the economy as it is one of many factors driving service need. Benefits are administered on behalf of the Government who has increased both benefit subsidy and benefit administration grant. Subsidy is subject to a complex formula and the Council does not receive full reimbursement for benefits paid. A number of income budgets were reduced in 2010/11 at a cost of £1.0m with a slight adjustment for benefit subsidy. The economy would now appear to have stabilised, and only a further £0.2m adjustment to income budgets was made for the 2011/12 budget;
- The availability of capital resources is expected to be constrained in future years and be limited to the capital grants from Government or from internal resources in the form of capital receipts from the disposal of surplus assets. There will be pressure on the latter due to the finite nature of such assets. This will place an even greater emphasis on asset rationalisation programmes, agile working and a partnership approach for the provision of capital assets;
- Reductions in Government funding to tackle the national budget deficit continue to be a major challenge for the Council, and this is reflected in the Medium Term Financial Plan. The Council is looking at innovative and transformational changes to the way it provides services, including different delivery methods with partners and other Councils/public bodies;
- The Government continues to encourage schools to become academies, after which such schools become independent of the Council. At 31 March 2011 a total of six schools have become academies with more in the process of applying/converting. Schools represent a large portion of the total income and spend for the Council, and as they become independent

academies their activity and assets will no longer be reported in the accounts. The amount of income the Council receives from services to schools may also be significantly reduced and this adds to funding pressures on the General Fund;

- Accounting Standards and Regulations – while these accounts adopt the new IFRS Code, new standards have already been issued, i.e. heritage assets, and the Council needs to continue to ensure it meets changing accounting regulations when managing its financial affairs and ultimately in publishing its Statement of Accounts at the end of the year.

Ian Duncan CPFA
Director of Finance
29 June 2011

statement of responsibilities for the statement of accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

Responsibilities of the Director of Finance

The Director of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Director of Finance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification

By the Director of Finance

I certify that the Statement of Accounts set out on the following pages gives a true and fair view of the financial position of Trafford Borough Council at 31 March 2011, and its income and expenditure for the year ended 31 March 2011.

Ian Duncan CPFA
Director of Finance
29 June 2011

audit opinion

These accounts are subject to audit and the District Auditor's Certificate and Opinion will be shown on this page once completed.

comprehensive income and expenditure statement

About this Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

	2009/10		Year ended 31 March			2010/11	
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Service	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
17,061	(14,218)	2,843	Central services to the public		20,203	(17,019)	3,184
45,256	(11,541)	33,715	Cultural, environmental, regulatory and planning services		42,246	(10,526)	31,720
235,907	(198,769)	37,138	Education and children's services		251,416	(205,143)	46,273
15,615	(5,713)	9,902	Highways and transport services		16,375	(4,076)	12,299
67,044	(64,514)	2,530	Housing services		70,409	(62,209)	8,200
73,001	(16,910)	56,091	Adult social care		75,591	(18,535)	57,056
85	(2,395)	(2,310)	Exceptional Item – VAT refund	5	34	(865)	(831)
5,750	(593)	5,157	Corporate and Democratic Core		4,724	(689)	4,035
2,853	0	2,853	Non Distributed Costs	46/47	(60,259)	0	(60,259)
462,572	**(314,653)**	**147,919**	**Cost of Services**		**420,739**	**(319,062)**	**101,677**
20,513	0	20,513	Other operating expenditure	9	32,526	0	32,526
34,458	(26,252)	8,206	Financing and investment income and expenditure	10	41,297	(34,042)	7,255
0	0	0	Surplus or deficit of discontinued operations		0	0	0
0	(176,022)	(176,022)	Taxation and non-specific grant income	11/38	0	(185,537)	(185,537)
		616	**(Surplus) or Deficit on Provision of Services**				**(44,079)**

comprehensive income and expenditure statement (continued)

Gross Expenditure £000	2009/10 Gross Income £000	Net Expenditure £000	Year ended 31 March Service	Note	Gross Expenditure £000	2010/11 Gross Income £000	Net Expenditure £000
		616	**(Surplus) or Deficit on Provision of Services**				**(44,079)**
		(7,442)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	12			(201)
		0	(Surplus) or deficit on revaluation of available for sale financial assets	20			(1,089)
		152,400	Actuarial (gains)/losses on pension assets / liabilities	24(iv)			(94,300)
		144,958	**Other Comprehensive (Income) and Expenditure**				**(95,590)**
		145,574	**Total Comprehensive (Income) and Expenditure**				**(139,669)**

balance sheet

About this Statement

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), whose amounts would only be available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.

1 April 2009 £000	31 March 2010 £000		Notes	31 March 2011 £000
418,055	425,381	Property, Plant & Equipment	12	410,566
31,473	27,700	Investment Property	13	27,140
1,205	1,215	Intangible Assets	14	1,147
0	0	Assets Held for Sale	20	0
10,214	10,214	Long Term Investments	15	12,216
10,846	12,252	Long Term Debtors	18	12,175
471,793	**476,763**	**Long Term Assets**		**463,244**
45,357	23,044	Short Term Investments	15	56,818
675	3,272	Assets Held for Sale	20	9,702
484	443	Inventories	16	456
34,125	40,522	Short Term Debtors	18	36,967
14,929	35,012	Cash and Cash Equivalents	19	32,500
95,569	**102,293**	**Current Assets**		**136,443**
(1,180)	(2,388)	Short Term Borrowing	15	(1,202)
(41,123)	(44,153)	Short Term Creditors	21	(43,280)
(1,747)	(947)	Short Term Provisions	22	(1,329)
(44,050)	**(47,488)**	**Current Liabilities**		**(45,811)**

balance sheet (continued)

1 April 2009 £000	31 March 2010 £000		Notes	31 March 2011 £000
(35)	(35)	Long Term Creditors	21	(36)
(9,481)	(6,278)	Provisions	22	(5,464)
(83,369)	(81,924)	Long Term Borrowing	15	(101,667)
(3,507)	(10,453)	Capital Grants & Contributions – Receipts in Advance	38	(14,944)
(33,172)	(28,896)	Revenue Grants & Contributions – Receipts in Advance (REFCUS)	38	(37,470)
(104,942)	(261,023)	Other Long Term Liabilities - Pensions	24/47	(112,136)
(10,237)	(11,293)	Other long-term liabilities - Deferred	21	(10,824)
(244,743)	**(399,901)**	**Long Term Liabilities**		**(282,541)**
278,569	**131,666**	**Net assets**		**271,335**
(7,293)	(8,345)	General Fund Balance	7/8	(6,881)
(35,672)	(40,255)	Earmarked General Fund Reserves	7/8/23	(44,297)
(8,813)	(10,955)	Capital Receipts Reserve	7/8/23	(10,085)
(107)	0	Major Repairs Reserve	7/8	0
(342)	(553)	Revenue Grants Unapplied (REFCUS)	7/8	(500)
(1,970)	(3,756)	Capital Grants Unapplied	7/8	(5,377)
(54,196)	**(63,864)**	**Usable Reserves**	**23**	**(67,140)**
(23,178)	(28,818)	Revaluation Reserve	24	(28,423)
(317,787)	(311,767)	Capital Adjustment Account	24	(298,584)
7,037	6,818	Financial Instruments Adjustment Account	24	6,614
104,942	261,023	Pensions Reserve	24/47	112,136
(1,121)	(716)	Collection Fund Adjustment Account	24	(307)
921	715	Equal Pay Adjustment Account	24	0
4,813	4,944	Accumulated Absences Account	24	4,368
(224,373)	**(67,802)**	**Unusable Reserves**		**(204,196)**
(278,569)	**(131,666)**	**Total Reserves**		**(271,335)**

Ian Duncan CPFA
Director of Finance
29 June 2011

movement in reserves statement

About this Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Movement in Reserves during 2010/11

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants unapplied £000	**Total Usable Reserves £000**	**Unusable Reserves £000**	**Total Council Reserves £000**
Balance as at 31 March 2010	**8,345**	**40,255**	**10,955**	**553**	**3,756**	**63,864**	**67,802**	**131,666**
Movement in reserves during 2010/11								
Surplus or (deficit) on the provision of services	44,079	0	0	0	0	**44,079**	**0**	**44,079**
Other Comprehensive Income and Expenditure	0	0	0	0	0	**0**	**95,591**	**95,591**
Total Comprehensive Income and Expenditure	**44,079**	**0**	**0**	**0**	**0**	**44,079**	**95,591**	**139,670**
Adjustments between accounting basis & funding basis under regulations (Note 7)	(41,501)	0	(870)	(53)	1,621	**(40,803)**	**40,803**	**0**
Net Increase/(Decrease) before transfers to Earmarked Reserves	**2,578**	**0**	**(870)**	**(53)**	**1,621**	**3,276**	**136,394**	**139,670**
Transfers to/(from) Earmarked Reserves (Note 8)	(4,042)	4,042	0	0	0	**0**	**0**	**0**
Increase/(Decrease) in 2010/11	**(1,464)**	**4,042**	**(870)**	**(53)**	**1,621**	**3,276**	**136,394**	**139,670**
Balance as at 31 March 2011	**6,881**	**44,297**	**10,085**	**500**	**5,377**	**67,140**	**204,196**	**271,335**

movement in reserves statement (continued)

Movement in Reserves during 2009/10 – Comparative Statement

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants unapplied £000	**Total Usable Reserves £000**	**Unusable Reserves £000**	**Total Council Reserves £000**
Balance as at 31 March 2009	**7,293**	**35,672**	**8,813**	**107**	**342**	**1,970**	**54,198**	**224,373**	**278,571**
Movement in reserves during 2009/10									
Surplus or (deficit) on the provision of services	(616)	0	0	0	0	0	**(616)**	**0**	**(616)**
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	**0**	**(146,288)**	**(146,290)**
Total Comprehensive Income and Expenditure	**(616)**	**0**	**0**	**0**	**0**	**0**	**(616)**	**(146,288)**	**(146,906)**
Adjusts. between accounting basis & funding basis under regulations (note 7)	6,251	0	2,142	(107)	211	1,786	**10,283**	**(10,283)**	**0**
Net Increase/(Decrease) before transfers to Earmarked Reserves	**5,635**	**0**	**2,142**	**(107)**	**211**	**1,786**	**9,668**	**(156,573)**	**(146,906)**
Transfers to/(from) Earmarked Reserves (Note 8)	(4,583)	4,583	0	0	0	0	**0**	**0**	**0**
Increase/(Decrease) in 2009/10	**1,052**	**4,583**	**2,142**	**(107)**	**211**	**1,786**	**9,668**	**(156,573)**	**(146,906)**
Balance as at 31 March 2010	**8,345**	**40,255**	**10,955**	**0**	**553**	**3,756**	**63,864**	**67,802**	**131,666**

cash flow statement

About this Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2009/10 £000	Year Ended 31 March	2010/11 £000
615	Net (surplus) or deficit on the provision of services	(44,079)
(1,597)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	25,044
0	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	0
(982)	**Net cash flows from Operating Activities (Note 25)**	**(19,035)**
(19,338)	Investing Activities (Note 26)	40,103
237	Financing Activities (Note 27)	(18,556)
(20,083)	**Net increase or decrease in cash and cash equivalents**	**2,512**
(14,929)	Cash and cash equivalents at the beginning of the reporting period	(35,012)
(35,012)	**Cash & cash equivalents at the end of reporting period (Note 19)**	**(32,500)**

notes to the accounts

1. Accounting Policies

(a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom in 2010/11 (the Code) and the Service Reporting Code of Practice (SeRCOP) 2010/11, supported by International Financial Reporting Standards (IFRS).

The Code is the first to be based on International Financial Reporting Standards (IFRS) and has been developed by the CIPFA / LASAAC Code Board under the oversight of the Financial Reporting Advisory Board. The Code requires IFRS to be adopted to financial statements from 1 April 2009. The effect of adopting IFRS for the first time on prior year financial statements is shown in a separate note at the end of these accounts, in accordance with International Accounting Standard (IAS) 1.

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

(b) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- revenue from the provision of services is recognised when the Council can measure reliably the percentage of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

(c) Acquisitions and Discontinued Operations

There are no acquisitions or discontinued operations to report.

(d) Cash and Cash Equivalents

Cash is represented by cash in hand and demand deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Demand deposits will include accounts where additional funds may be deposited and withdrawn at any time without prior notice e.g. a bank current account.

Cash equivalents are investments instantly repayable to the Council on demand which are readily convertible to known amounts of cash with insignificant risk of change in value. These will be balances held in Call Accounts and Money Market Funds with associated accrued interest.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

(e) Exceptional Items

When exceptional items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are due to an understanding of the Council's financial performance.

(f) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

(g) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- amortisation of intangible non-current assets attributable to the service.

Charges are based on the opening balance sheet value of the asset. Where assets are revalued during the year charges are based on the revaluation amount.

(h) Employee Benefits

Benefits Payable During Employment
Short term employee benefits are those due to be settled within 12 months of the year-end. They include benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, then reversed out

through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits
Termination benefits are benefits payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Termination Benefits are charged on an accrual's basis to the appropriate service line within Cost of Services in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefits
Employees of the Council are members of two separate pension schemes:

- the Teachers' Pension Scheme, administered nationally by the Teachers' Pensions Agency;
- the Greater Manchester Pensions Fund (part of the Local Government Pension Scheme), administered by Tameside MBC.

Contributions are paid to the Department for Education (DfE) for the teachers' pension scheme. The scheme is not funded, but the DfE uses a notional fund as the basis for calculating the employer's contribution rate.

For other staff, contributions are paid to the Greater Manchester Pension Fund, administered by Tameside MBC on behalf of the ten Greater Manchester District Councils. It is a contributory, final salary type, occupational pension scheme, which is contracted out of the state earnings related scheme. The contribution rate is determined by the Fund's Actuary, based on triennial valuations, the last full review being at 31 March 2010. Under Superannuation Regulations, contribution rates are set to meet 100% of overall liabilities.

The accounts are prepared in accordance with Accounting Standards which require all Councils to immediately recognise the total difference between the attributable net assets of the pension fund and the total actuarially assessed future payments to pensioners, and pensions due to current workforce.

The actuarial valuation of pension liabilities are in accordance with CIPFA guidance, and for 2010/11 the discount rate employed is the yield available on long-dated, high quality corporate bonds at the valuation date of 31 March 2011 (which was 5.5% per annum, 5.5% as at 31 March 2010).

The service cost makes allowance for the removal of the "Rule of 85" for new members from 1 October 2006. No allowance is made for the removal of "Rule of 85" for new entrants since 31 March 2010. The actuary has advised that the effect of this is not considered material in actuarial terms. The service cost figures include an allowance for administration expenses of 0.2% of payroll.

Discretionary Benefits
The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

(i) Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

(j) Financial Instruments

Financial Liabilities (Debt and Interest Charges)
Financial Liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the Effective Interest Rate.

All interest payable on external borrowing is accrued and accounted for in the period to which it relates.

Gains or losses arising on the repurchase or early settlement of borrowing are required to be recognised in the Comprehensive Income and Expenditure Statement in accordance with the Code in the period during which the repurchase or early settlement is made. Statutory guidance, effective from 1 April 2007 allows for the spreading of premium/discount to be taken over the unexpired life of the original loan or the life of the replacement loan.

However, where the repurchase of borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains or losses have been reflected in the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement over the life of the loan using the Effective Interest Rate.

Premiums incurred in various debt restructuring exercises undertaken in the past are charged to the revenue account over the life of the replacement loan, in accordance with DCLG regulations (SI2007/573).

Financial Assets (Investments and Interest Receivable)
Financial Assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market;
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Major investments are measured at fair value and carried at their amortised cost.

Investment income is credited to the Comprehensive Income and Expenditure Statement when it falls due.

All interest received on investments is accrued and accounted for in the period to which it relates, based on the carrying amount of the asset multiplied by the Effective Interest Rate (EIR). For fixed rate investments this will be the coupon rate.

(k) Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

(l) Government Grants and Contributions

Government grants and other contributions are accounted for on an accruals basis and are recognised when there is reasonable assurance that;

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

The grants are recognised in the Comprehensive Income and Expenditure Statement once any conditions, which stipulate how the grant is to be used to avoid repayment, are satisfied. Where they have not been satisfied they are carried on the Balance Sheet as creditors. Where grants are recognised in the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where a grant has yet to be used to finance capital expenditure it is posted to the Capital Grants Unapplied Reserve, or Revenue Grants Reserve where they support revenue expenditure funded from capital under statute. Where it has been applied it is posted to the Capital Adjustment Account.

Where capital expenditure is classified as Revenue Expenditure Funded from Capital under Statute then any related grants or contributions are transferred to the service account in the Comprehensive Income and Expenditure Statement.

(m) Intangible Assets

Intangible assets do not have physical substance but are controlled by the Council, for example software licences. Intangible assets are capitalised when it is expected that the future economic benefits or service potential will flow to the Council.

(n) Interests in Companies and Other Entities

The Council owns minority interests in a small number of companies, mainly arising from the dissolution of the former Greater Manchester County Council. In the Council's accounts, the interest in companies and other entities are recorded as financial assets at cost, less any provisions for losses.

(o) Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.
Work in progress on capital projects is included in the Balance Sheet within Assets Under Construction at historic cost.

(p) Investment Property

Investment property assets are held solely for revenue gain or capital appreciation and are not held to facilitate the delivery of Council services.

They are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties in an arms length transaction. These properties are not depreciated but assessed annually for changes in fair value with any change being recognised in the Financing and Investment section of the Comprehensive Income and Expenditure Statement. Statutory arrangements do not allow any

gains or losses to have an impact on the General Fund Balance and are therefore reversed out through the Movement in Reserves Statement to the Capital Adjustment Account.

(q) Jointly Controlled Operations and Jointly Controlled Assets

The Council does not have any joint venture arrangements with third parties.

(r) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Leases and lease-type arrangements have been reviewed no reclassification have been required under the Code. The Council has no finance leases.

The Council as Lessee

Operating Leases
Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Operating Leases
Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

(s) Overheads and Support Services

The cost of overheads and support services are charged to those that benefit from the supply of the service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2010/11* (SeRCOP). The main basis of apportionment is by estimation of time spent on the various services. The cost of administrative buildings has been recharged on the basis of floor area occupied. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation;
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

(t) Property, Plant and Equipment (PPE)

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition
All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure on assets is capitalised, provided that the item yields benefits to the Council for a period of more than one year and can be measured reliably. Routine repairs and maintenance of PPE are charged direct to service revenue accounts.

Measurement
Assets are initially measured at cost comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are carried in the Balance Sheet using the following measurement bases:

- infrastructure, community and assets under construction – depreciated at historical cost;
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use.

Depreciated replacement cost is used as an estimate of fair value when there is no market based evidence of fair value because of the specialist nature of the asset.

Assets are revalued on a five-year rolling programme, or where there has been a material change in value and any resulting change in value is debited or credited to the Revaluation Reserve as appropriate, to recognise losses or unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement for a particular asset where the Comprehensive Income and Expenditure Statement has previously been charged with an impairment loss for that asset.

These revaluations are undertaken by a qualified internal valuer, with the exception of land relating to Manchester Airport, which is included in the accounts from a valuation provided by Manchester City Council's Valuer in 2010/11, based on the market value of the land.

Depreciation
Depreciation is provided for on all Property, Plant and Equipment with a finite useful life, which can be determined at the time of acquisition or revaluation, according to the following policies :-

- Freehold land, Investment Properties and Assets Held For Sale are not depreciated;
- newly acquired assets are not depreciated in the year of acquisition, and assets in the course of construction are not depreciated until they are brought into use.

For all other assets depreciation is calculated using the straight line method over the estimated useful life of the asset and are as follows:

- vehicles, plant and equipment between 3 and 8 years;
- all other property, including infrastructure and community assets between 10 and 55 years;
- intangible assets 20 years.

Where an asset value exceeds £1m a review is undertaken to determine whether any major components comprising plant, equipment and services exist and these components are depreciated separately.

The capitalised costs of organisational pay restructuring are written down over 20 years.

Revaluation and Impairment Losses
Assets are reviewed annually at each year end for any impairment or revaluation loss. Where a loss has occurred on an asset used by the service these are written off to the Revaluation Reserve, where a balance exists, or charged to the service revenue account where there is no remaining balance on the Revaluation Reserve.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Any charges for the use of Property, Plant and Equipment with the exception of external interest payments have a neutral impact on the amount to be raised from local taxation and are reversed from service revenue accounts through the Movement in Reserves Statement to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale
When it becomes probable that an asset will be sold then it is reclassified as an Asset Held For Sale. These assets are then carried at a value of the lower of its carrying amount and fair value less costs to sell.

When assets are disposed of or decommissioned the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal and matched against any capital receipt from the disposal. Any revaluation gains on the asset held in the revaluation reserve are transferred to the Capital Adjustment Account.

Disposal proceeds in excess of £10,000 are categorised as capital receipts.

Capital Receipts
Capital receipts from the disposal of assets are treated in accordance with provisions of the Local Government Act 2003. They can be used to fund capital expenditure in the year, to meet debts or other liabilities, or used to cover payments to the Secretary of State under receipts pooling arrangements.

Revenue Expenditure Funded from Capital under Statute
This represents expenditure which is classified as revenue under the Code, but which is permitted to be funded from capital under statute, e.g. capital spending where there is no tangible asset, such as grants awarded for economic development purposes. This expenditure is charged directly to the appropriate service in the Comprehensive Income and Expenditure Statement, with the effect on council tax neutralised by an equivalent compensating entry in the Movement in Reserves Statement (MIRS) and Capital Adjustment Account. Where grants are applied to fund this expenditure, these are also credited direct to the Comprehensive Income and Expenditure Statement, with a compensating entry in the MIRS and Capital Adjustment Account.

(u) Private Finance Initiative (PFI) and Similar Contracts

PFI contracts are agreements to receive services where the responsibility for making available the assets needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as the Council controls the residual interest in the asset at the end of the contract, the Council carries the assets used under the contract on the Balance Sheet.

The Council has entered into a Private Finance Initiative (PFI) contract for the provision of new office and community facilities in Sale Town Centre. The contract commenced in October 2003 with the initial period ending in 2028/29.

The original recognition of these assets was balanced by the recognition of a liability for the amounts due to the scheme operator to pay for the assets.
Assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.
The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- finance cost - an interest charge on the outstanding Balance Sheet Liability, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;
- contingent rent - increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;
- payment towards liability - applied to write down the Balance Sheet liability towards the PFI operator;
- lifecycle replacement costs - recognised as Property, Plant and Equipment on the Balance Sheet.

(v) Provisions, Contingent Liabilities and Contingent Assets

Provisions
Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up on the balance sheet. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provision for Back Pay Arising from Unequal Pay Claims
The Council has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Council implemented its equal pay strategy. However, statutory arrangements allow settlements to be financed from the General Fund in the year that payments actually take place, not when the provision is established.

Minimum Revenue Provision
In accordance with the Capital Finance & Accounting Regulations 2008, the Council is required to set aside a prudent Minimum Revenue Provision for repayment of debt. This is based on a prescribed formula and charged to the General Fund Balance in accordance with Council policy. This includes the amortisation of capitalisation directions for pay restructuring from the Secretary of State over 20 years.

Contingent Liabilities
A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed in the future by events not wholly within the control of the Council. Contingent liabilities can also arise where it is either not probable economic benefits will flow out from the Council or the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

Contingent Assets
A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable there will be an inflow of benefits or service potential to the Council.

(w) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. In line with the Code, expenditure is charged to revenue and not directly to any reserve.
Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

Insurance
In a move towards more self-insurance, the Council created an Insurance Fund for this purpose. Further details can be found in note 22.

(x) Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

(y) VAT

VAT payable is included as an expense only to the extent that it is recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards Issued, Not Adopted

FRS30 Heritage assets will be adopted in the Code in 2011/12 and this will require a change in accounting policy to be included in the 2011/12 accounts, with the previous comparative balance sheet restated if material.

Heritage assets are included in Community Assets and are held mainly for their contribution to knowledge and culture. This includes some civic regalia and other assets held for environmental purposes, for example nature reserves. These are currently estimated to have a value of approximately £0.7m.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of future changes in levels of service provision;

- Leases - lease agreements have been reviewed and a determination made on whether these are finance or operating leases. This judgement has been based upon the degree to which the lease transfers the risks and rewards of ownership to the Council in accordance with IAS 17. It has been determined that all current lease arrangements are operating leases, with the exception of the PFI for Sale Waterside;
- Group accounts - arrangements with partners and third party bodies have been reviewed to assess the extent to which the Council is able to influence decisions or exert control over their operations. It has been determined that no group relationships exist with such bodies;
- Liabilities – liabilities have been reviewed and the appropriate accounting treatment applied based on a determination on the ability to estimate the amount, and also the level of certainty. Liabilities have been included accordingly in the accounting statements as either accruals, provisions or contingent liabilities;
- Component assets - where an asset value exceeds £1m a review is undertaken to determine whether any major components comprising plant, equipment and services exist and these components are depreciated separately.

4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

There are no items in the Council's Balance Sheet at 31 March 2011 for which there is considered a significant risk of material adjustment in the forthcoming financial year. However, the following significant items are recorded as potential risks, but which are currently not considered to be material:

Item	**Uncertainties**	**Effect if Actual Results Differ from Assumptions**
Provisions	The Council has made a provision of £3.2m for the settlement of claims relating to equal pay. There is uncertainty on the extent to which claims will be settled within this amount.	A 10% increase in claim values over the provision estimate would amount to approximately £0.3m.
Pensions liability	The pensions liability is based on assumptions relating to discount rates used, future changes in salaries, changes in retirement ages, mortality rates and expected returns on pension fund assets. These assumptions are reviewed regularly. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	Changes in assumptions can interact in complex ways. In 2011/12 the actuary advised that the liability had reduced by £100.6m due to positive investment returns and long term forecasts of low inflation. This compares to a loss of £239.7m in 2010/11 due to adverse economic conditions affecting historic projections.
Arrears	At 31 March 2011, the Council had a balance on trade debtors of £4.4m. Impairment of doubtful debts was reviewed and an appropriate provision determined.	If collection rates were to deteriorate by 5%, this would require an estimated additional provision of £0.2m.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

5. Material Items of Income and Expense/Exceptional Items (Comprehensive Income & Expenditure Statement page 11)

There are no material items of income and expense not otherwise disclosed in the financial statements or accompanying notes.

The accounts include exceptional items in respect of VAT refunds. Along with most local authorities, the Council submitted claims to HM Revenue and Customs for the repayment of overpaid VAT following the decision given in the case of *Michael Fleming (t/a Bodycraft) V. HMRC*. Claims of £(2.395)m were paid in 2009/10 and a further £(0.865)m in 2010/11, including interest.

6. Events After the Balance Sheet Date

The pre-audited Statement of Accounts were certified on 23 June 2011 by Ian Duncan CPFA, Director of Finance. For the purposes of post balance sheet event dates, any matters of significance that have come to light up to midday on 23 June 2011 have been considered for possible inclusion in this Statement of Accounts.

After considering any matters of significance up to midday of the authorisation for issue date of 23 June 2011, the following post Balance Sheet event has been identified as requiring disclosure in this Statement of Accounts.

On 1 April 2011 the Governors of Stretford High School agreed to the transfer of playing fields at Chester Road, Stretford to the Council to allow a subsequent sale transaction to take place. This transaction will be treated as a donated asset in 2011/12.

On 1 April 2011 the Council commenced a lease arrangement of property at Quay West for use as temporary accommodation during the rebuild and reconstruction of Trafford Town Hall. The lease is for a term of 5 years at a total annual rent (inclusive of "dilapidations rent") of £479,791.50 and car parking at Warren Bruce Road held for an equivalent term at a peppercorn (£NIL) rental. There is a break clause exercisable at 18 months and any day thereafter at 3 months notice. It is expected that the arrangement will last for two years.

In April and May 2011 further refunds of VAT were received from HMRC with respect to sports coaching, at a total of £1.182m including interest. There are no outstanding contingent assets with HMRC.

7. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year (see following tables). This is in accordance with proper accounting practice to the resources that are specified by statutory provision as being available to the Council to meet future capital and revenue expenditure.

7. Adjustments between Accounting Basis and Funding Basis under Regulations

2010/11	Usable Reserves 2010/11 General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	2010/11 Movements in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account: **Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:**							
Charges for depreciation and impairment of non-current assets.	13,518	0	0	0	0	0	**(13,518)**
Revaluation losses on Property, Plant & Equipment.	8,861	0	0	0	0	0	**(8,861)**
Movements in the market value of Investment Properties.	351	0	0	0	0	0	**(351)**
Amortisation of intangible assets.	92	0	0	0	0	0	**(92)**
Capital grants and contributions applied.	0	0	0	0	0	0	**0**
Movement in the Donated Assets Account.	0	0	0	0	0	0	**0**
Revenue expenditure funded from capital under statute.	971	0	0	0	1,740	0	**(2,711)**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(2,925)	0	2,925	0	0	0	**0**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment.	(4,404)	0	0	0	0	0	**4,404**
Capital expenditure charged against the General Fund and HRA balances.	(62)	0	0	0	0	0	**62**

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

	Usable Reserves 2010/11 (continued)						2010/11
2010/11	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
Adjustments primarily involving the Capital Grants Unapplied Account: Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	(12,495)	0	0	0	0	12,495	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account.	0	0	0	0	(1,793)	(10,874)	**12,667**
Adjustments primarily involving the Capital Receipts Reserve: Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	10,238	0	23	0	0	0	**(10,261)**
Use of the Capital Receipts Reserve to finance new capital expenditure.	0	0	(3,793)	0	0	0	**3,793**
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals.	0	0	0	0	0	0	**0**
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	24	0	(24)	0	0	0	**0**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	0	0	0	0	0	0	**0**
Adjustments primarily involving the Deferred Capital Receipts Reserve: Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	0	0	0	0	0	0	**0**

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

	Usable Reserves 2010/11 (continued)						2010/11
2010/11	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
Adjustment primarily involving the Major Repairs Reserve: Reversal of Major Repairs Allowance credited to the HRA.	0	0	0	0	0	0	**0**
Use of the Major Repairs Reserve to finance new capital expenditure.	0	0	0	0	0	0	**0**
Adjustment primarily involving the Financial Instruments Adjustment Account: Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	(204)	0	0	0	0	0	**204**
Adjustments primarily involving the Pension Reserve: Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 47).	(39,300)	0	0	0	0	0	**39,300**
Employer's pension contributions and direct payments to pensioners payable in the year.	(15,286)	0	0	0	0	0	**15,286**
Adjustments primarily involving the Collection Fund Adjustment Account: Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements.	409	0	0	0	0	0	**(409)**

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

	Usable Reserves 2010/11 (continued)						2010/11
2010/11	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
Adjustments primarily involving the Equal Pay Adjustment Account:							
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements.	(715)	0	0	0	0	0	**715**
Adjustments primarily involving the Accumulated Absences Account:							
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(576)	0	0	0	0	0	**576**
Total Adjustments	**(41,501)**	**0**	**(870)**	**0**	**(53)**	**1,621**	**40,803**

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

	Usable Reserves 2009/10						2009/10
2009/10 Comparative Figures	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
<u>Adjustments primarily involving the Capital Adjustment Account:</u>							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for depreciation and impairment of non-current assets.	11,738	0	0	0	0	0	**(11,738)**
Revaluation losses on Property, Plant & Equipment.	10,027	0	0	0	0	0	**(10,027)**
Movements in the market value of Investment Properties.	(2,011)	0	0	0	0	0	**2,011**
Amortisation of intangible assets	76	0	0	0	0	0	**(76)**
Capital grants and contributions applied.	0	0	0	0	0	0	**0**
Movement in the Donated Assets Account.	0	0	0	0	0	0	**0**
Revenue expenditure funded from capital under statute.	556	0	0	0	2,489	0	**(3,045)**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(3,980)	0	3,980	0	0	0	**0**

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

	Usable Reserves 2009/10 (continued)						2009/10
2009/10 Comparative Figures	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment.	(4,305)	0	0	0	0	0	**4,305**
Capital expenditure charged against the General Fund and HRA balances.	0	0	0	0	0	0	**0**
Adjustments primarily involving the Capital Grants Unapplied Account:							
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	(10,533)	0	0	0	0	10,533	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account.	0	0	0	0	(2,278)	(8,747)	**11,025**
Adjustments primarily involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	867	0	0	0	0	0	**(867)**
Use of the Capital Receipts Reserve to finance new capital expenditure.	0	0	(1,805)	0	0	0	**1,805**
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals.	0	0	0	0	0	0	**0**

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

	Usable Reserves 2009/10 (continued)						2009/10
2009/10 Comparative Figures	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	25	0	(25)	0	0	0	**0**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	0	0	0	0	0	0	**0**
Adjustments primarily involving the Deferred Capital Receipts Reserve: Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	0	0	0	0	0	0	**0**
Adjustment primarily involving the Major Repairs Reserve: Reversal of Major Repairs Allowance credited to the HRA.	0	0	0	0	0	0	**0**
Use of the Major Repairs Reserve to finance new capital expenditure.	0	0	(8)	(107)	0	0	**115**
Adjustment primarily involving the Financial Instruments Adjustment Account: Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	(220)	0	0	0	0	0	**220**

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

	Usable Reserves 2009/10 (continued)						2009/10
2009/10 Comparative Figures	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
Adjustments primarily involving the Pension Reserve: Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 47).	18,100	0	0	0	0	0	**(18,100)**
Employer's pension contributions and direct payments to pensioners payable in the year.	(14,419)	0	0	0	0	0	**14,419**
Adjustments primarily involving the Collection Fund Adjustment Account: Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements.	405	0	0	0	0	0	**(405)**
Adjustments primarily involving the Equal Pay Adjustment Account: Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements.	(206)	0	0	0	0	0	**206**

7. **Adjustments between Accounting Basis and Funding Basis under Regulations (continued)**

	Usable Reserves 2009/10 (continued)						**2009/10**
2009/10 Comparative Figures	**General Fund Balance £000**	**Earmarked General Fund Reserves £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Revenue Grants Unapplied £000**	**Capital Grants Unapplied £000**	**Movements in Unusable Reserves £000**
<u>Adjustments primarily involving the Accumulated Absences Account:</u>							
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	131	0	0	0	0	0	**(131)**
Total Adjustments	**6,251**	**0**	**2,142**	**(107)**	**211**	**1,786**	**(10,283)**

8. Movements in Earmarked Reserves (Balance Sheet page 13)

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2011/12.

	Balance as at 1 April 2009 £000	**Movements out 2009/10 £000**	**Movements in 2009/10 £000**	**Balance at 31 March 2010 £000**	**Movements Out 2010/11 £000**	**Movements In 2010/11 £000**	**Balance at 31 March 2011 £000**
General Fund	**7,293**	(951)	2,003	**8,345**	(3,463)	1,999	**6,881**
Earmarked Reserves: **Balances held by schools under a scheme of delegation**	**11,389**	0	2,017	**13,406**	(2,388)	0	**11,018**
Other Earmarked Reserves: **Computer Reserve** To finance planned developments in network infrastructure, new systems and hardware.	**607**	0	0	**607**	(176)	0	**431**
Accommodation Strategy Reserve The Council is rationalising its office accommodation and short term finance has been made available to improve those premises being retained.	**106**	0	0	**106**	0	0	**106**
Synthetic Pitch Replacement Reserve This will be used towards replacing synthetic pitches across the Borough.	**565**	(31)	15	**549**	(50)	15	**514**
Town Centre Public Realm Reserves To facilitate improvements in town centres in the borough.	**422**	0	0	**422**	(422)	0	**0**
Training Reserve To undertake some corporate training across the Council.	**146**	(146)	19	**19**	(7)	13	**25**

Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2009 £000	Movements out 2009/10 £000	Movements in 2009/10 £000	Balance at 31 March 2010 £000	Movements Out 2010/11 £000	Movements In 2010/11 £000	Balance at 31 March 2011 £000
Insurance Reserve Funds earmarked for future claims and to carry out various risk management initiatives.	**5,180**	(1,575)	3,787	**7,392**	(182)	837	**8,047**
Building Control Fees For the future review of building control costs and fee income.	**105**	(105)	0	**0**	0	0	**0**
Delegated Service Budgets Revenue budget under/overspends to be carried forward as part of the Council's Medium Term Financial Plans.	**1,059**	(284)	1,093	**1,868**	(949)	508	**1,427**
ICT Development Investment in new ICT to improve efficiency Council-wide.	**742**	0	267	**1,009**	(678)	269	**600**
Invest to Save To pay for the Service Improvement Team (SIT) and to fund cross Council efficiency projects.	**344**	(344)	0	**0**	0	0	**0**
Job Evaluation To pay for the additional costs associated with the Job Evaluation (PARIS) team and any additional legal/ancillary costs associated with the Equal Pay review.	**3,897**	(780)	547	**3,664**	(4,127)	859	**396**
Community Safety Investment in Community Safety initiatives.	**202**	(57)	0	**145**	(123)	0	**22**
Prudential Borrowing Redemption Reserve To repay the capitalised cost of equal pay compensation.	**235**	(235)	0	**0**	0	0	**0**
Dedicated Schools Grant (DSG) Government grant specifically for the funding of schools and schools' related services.	**190**	0	46	**236**	0	745	**981**

Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2009 £000	Movements out 2009/10 £000	Movements in 2009/10 £000	Balance at 31 March 2010 £000	Movements Out 2010/11 £000	Movements In 2010/11 £000	Balance at 31 March 2011 £000
Town Hall Project To pay for consultancy fees arising out of the Accommodation review project.	**641**	(641)	0	**0**	0	0	**0**
Local Area Agreement (LAA) Pump Priming One-off grant to assist the Council to deliver its Local Area Agreement Programme.	**400**	(400)	0	**0**	0	0	**0**
Manchester (MIA) Holding Account Balance created in 1986/87, following the dissolution of the Greater Manchester County Council's main interest in Manchester Airport.	**5,702**	0	0	**5,702**	0	0	**5,702**
Adult Social Care Reserve To facilitate and finance the transformational change of adult social services in order to deliver Putting People First and market transformation.	**550**	0	0	**550**	(119)	0	**431**
Economy Contingency Reserve To cover potential adverse affects of economic conditions on the Council's finances, such as reduced income streams.	**510**	0	0	**510**	600	(718)	**392**
Prudential Borrowing Reserve To pay for future prudential borrowing costs on existing schemes.	**96**	0	324	**420**	(420)	0	**0**
Elections Reserve To smooth the elections budget across the 4 year Municipal cycle.	**38**	0	187	**225**	(59)	0	**166**
Transformation Reserve Money set aside to pump prime the achievement of the next stage of efficiencies through the Transformation Programme.	**2,000**	(147)	226	**2,079**	0	0	**2,079**

Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2009 £000	Movements out 2009/10 £000	Movements in 2009/10 £000	Balance at 31 March 2010 £000	Movements Out 2010/11 £000	Movements In 2010/11 £000	Balance at 31 March 2011 £000
Interest Rate Reserve To smooth the effect on the Council's budget of volatile movements in interest rates.	**350**	(114)	0	**236**	(582)	401	**55**
Waste Levy Reserve To smooth the effects on the Council's budget of movements in the waste levy over the medium term	**0**	0	179	**179**	965	0	**1,144**
Long Term Accommodation Decant Reserve To cover the cost of accommodation changes arising from the Long Term Accommodation Project	**0**	0	0	**0**	(51)	2,600	**2,549**
Employment Rationalisation Reserve To cover the cost of rationalising the employment of staff by the Council	**0**	0	0	**0**	(1,456)	5,172	**3,716**
Telecare Reserve Investment in technology to help in enabling older and more vulnerable people to live independently in their own home.	**0**	0	0	**0**	0	500	**500**
Capital Reserve Investment in disabled facility schemes	**0**	0	0	**0**	0	1,000	**1,000**
LAA Performance Reward Grant Reserve Revenue element of grant to be allocated to schemes via the Trafford Partnership	**0**	0	0	**0**	0	1,579	**1,579**
Manchester Airport Debt Restructure Reserve Smoothing of airport debt restructure costs over the medium term	**0**	0	0	**0**	0	329	**329**

Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2009 £000	Movements out 2009/10 £000	Movements in 2009/10 £000	Balance at 31 March 2010 £000	Movements Out 2010/11 £000	Movements In 2010/11 £000	Balance at 31 March 2011 £000
Prepaid Revenue Grants Reserve To hold revenue grants included in the Comprehensive Income and Expenditure Statement which are paid in advance, and which no conditions for repayment are attached. Balance is required to be offset future costs.	**90**	(90)	837	**837**	(837)	874	**874**
Other Reserves Other amounts earmarked for specific purposes.	**106**	(12)	0	**94**	(88)	208	**214**
Total Earmarked Reserves (incl. Schools)	**35,672**	**(4,961)**	**9,544**	**40,255**	**(11,149)**	**15,191**	**44,297**
Total Reserves	**42,965**	**(5,912)**	**11,547**	**48,600**	**(14,612)**	**17,190**	**51,178**

9. Other Operating Expenditure (Comprehensive Income & Expenditure Statement page 11)

2009/10 £000		2010/11 £000
87	Parish council precepts (i)	88
23,514	Levies (ii)	25,099
25	Payments to the Government Housing Capital Receipts Pool (iii)	25
(3,113)	Gains/losses on disposal of non-current assets (iv)	7,314
20,513	**Total**	**32,526**

(i) Partington Town Council at its meeting of 2 February 2010 elected to set a precept of £88,272 which kept the level of council tax per Band D property in Partington at £42.50 in 2010/11, the same as in 2009/10.

(ii) Included are levies as follows:

2009/10 Expenditure £000		2010/11 Expenditure £000
124	Flood Defence	127
9,708	Waste Disposal Authority	10,594
13,682	Integrated Transport Authority	14,378
23,514	**Total**	**25,099**

(iii) In accordance with the Local Authority (Capital Finance and Accounting) Regulations 2003, from 1 April 2004 75% of capital receipts from the sale of council houses, after costs and mortgage repayments, are required to be paid to the Department for Communities and Local Government. This replaces the previous regulations whereby 75% of such receipts were required to be set aside by the Local Authority against the repayment of its own debt.

CIPFA guidance requires any amount paid to the pool to be disclosed as expenditure in the Comprehensive Income & Expenditure Statement within Net Operating Expenditure, but wholly offset in the Statement of Movement on the General Fund Balance.

The amount paid to the pool in 2010/11 is £0.025m (£0.025m in 2009/10), and has a neutral effect on the Council’s General Fund Balance.

(iv) During 2010/11 a net loss on the disposal of assets was incurred of £7.314m. This arises where assets are removed from the balance sheet with a higher value than any proceeds received and in 2010/11 related to two schools that opted for academy and foundation status and were removed from the balance sheet.

Losses and gains on the disposal of assets are reflected in the Comprehensive Income and Expenditure Statement and cancelled out in the Movement in Reserves Statement as there is no impact on the General Fund Balance of the Council.

10. Financing and Investment Income and Expenditure (Comprehensive Income & Expenditure Statement page 11)

2009/10 £000		2010/11 £000
4,907	Interest payable and similar charges	5,463
8,900	Pensions interest cost and expected returns on pensions assets (i)	5,900
(1,065)	Interest receivable and similar income (ii)	(1,661)
(3,411)	Income and expenditure in relation to investment properties and changes in their fair value (iii)	(1,117)
(125)	Residual (Surplus)/deficit on trading undertakings (iv)	(330)
(1,000)	Other investment income (v)	(1,000)
8,206	**Total**	**7,255**

(i) Pension interest cost is £35.1m (£28.5m in 2009/10) and expected return on assets £(29.2)m (£(19.6)m in 2009/10).

(ii) During 2010/11 the average amount invested in the money market was £76.6m, at an average interest rate of 0.89%. Investment interest generated for the year was £(1.661)m, including £(1.043)m of interest receivable from Manchester International Airport following the renegotiation of loan debt held by each of the Greater Manchester Authorities in February 2010. For 2009/10 the average amount invested was £70.5m at an average rate of 1.51%, producing £(1.065)m of investment interest, including £(0.143)m from the Airport.

(iii) Includes changes in the fair value of investment properties £0.351m (£(2.011)m in 2009/10). Net expenditure/(income) on investment properties is £(1.468)m, (£(1.400)m in 2009/10), also included in Note 13.

(iv) Details on the financial activity of trading operations is included in Note 30.

(v) During 2010/11 a share dividend of £(1.000)m was received from Manchester International Airport (£(1.000)m in 2009/10).

11. Taxation and Non-Specific Grant Income (Comprehensive Income & Expenditure Statement page 11)

2009/10 £000		2010/11 £000
(86,067)	Council tax income	(87,785)
(55,908)	Non domestic rates	(60,969)
(23,514)	Non-ringfenced government grants*	(24,288)
(10,533)	Capital grants and contributions*	(12,495)
(176,022)	**Total**	**(185,537)**

* Further detail on grants is shown in Note 38.

12. Property, Plant and Equipment (Balance Sheet page 13)

Movements on Balances

Movements in 2010/11:

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Infra - structure assets (ii) £000	Community assets (iv) £000	Surplus Assets £000	Assets under construc-tion £000	Total £000
Cost or Valuation:							
As at 1 April 2010	**250,729**	**26,066**	**175,924**	**16,102**	**20,617**	**1,928**	**491,366**
Additions	5,737	312	7,022	1,083	1,487	6,739	22,380
Disposals (i)	(8,185)						(8,185)
Reclassifications	(2,422)	235	(16)	237	(3,772)	(1,310)	(7,048)
Revaluations	536				18		554
As at 31 March 2011	**246,395**	**26,613**	**182,930**	**17,422**	**18,350**	**7,357**	**499,067**
Depreciation and Impairments:							
As at 1 April 2010	**(10,747)**	**(17,439)**	**(32,152)**	**(2,144)**	**(3,531)**		**(66,013)**
Depreciation charged to CIES (iii)	(6,009)	(2,350)	(4,546)	(431)			(13,336)
Impairment charged to CIES	(8,140)		(455)		(265)		(8,860)
Impairment written off to Revaluation Reserve	(12)				(280)		(292)
Disposals							0
Reclassifications							0
Revaluations							0
As at 31 March 2011	**(24,908)**	**(19,789)**	**(37,153)**	**(2,575)**	**(4,076)**		**(88,501)**
Net Book Value:							
Balance Sheet amount as at 31 March 2011*	**221,487**	**6,824**	**145,777**	**14,847**	**14,274**	**7,357**	**410,566**
Balance Sheet amount as at 1 April 2010*	**239,982**	**8,627**	**143,772**	**13,987**	**17,086**	**1,928**	**425,382**

Nature of Asset Holding							
Owned	208,951	6,824	145,777	14,847	14,274	7,357	398,030
Finance Lease							
PFI**	12,536						12,536
Total	**221,487**	**6,824**	**145,777**	**14,847**	**14,274**	**7,357**	**410,566**

* Excludes intangible non-current assets which are detailed at Note 14.

** Analysis of movement in the value of the PFI asset is as follows:

Movement in PFI Asset Value	£000
Opening Value 1 April 2010	12,716
Less Depreciation	(180)
Less Impairment	0
Closing Value 31 March 2010	**12,536**

(i) During 2010/11 a number of PPE assets were removed from the Balance Sheet following the disposal of assets. These primarily related to two schools. Flixton Girls High School assumed foundation status during the year and the assets valued at £6.8m were transferred to the governors of the school on 19 January 2011. Park Road Primary School in Timperley assumed academy status. The assets valued at £1.4m were transferred to the governors on a 125 year lease at a peppercorn on 11 January 2011. The substance of this transaction is effectively a disposal and the assets were de-recognised, other than retaining a reversionary interest at nominal value.

(ii) Included in Infrastructure Assets is an amount of £553k as at 31 March 2011 in respect of traffic signals. As a consequence of the creation of the Greater Manchester Combined Authority these assets will be transferred to this body with effect from 1 April 2011.

(iii) Depreciation is provided for on all non-current assets, with the exception of freehold land, investment property and assets held for sale. New assets are not depreciated in the year of acquisition and assets under construction are not depreciated until they become operational.

All other assets, including components, are written down using the straight line method over the estimated useful life of the asset, or in the case of intangible assets (software licences), the length of the licence.

The estimated useful lives of the assets are shown below:-

Asset Category	Useful Life
Vehicles, plant and equipment	Between 3 and 8 years
Intangibles	20 years
Infrastructure and Community assets	Between 10 and 40 years
Buildings	Between 15 and 55 years

There are no changes to depreciation methods used between 2009/10 and 2010/11.

(iv) Included in Community Assets are a number of heritage assets which are held mainly for their contribution to knowledge and culture and include some civic regalia and other assets held for environmental purposes, for example nature reserves. These are currently estimated to have a value of approximately £0.7m. The adoption of FRS30 in 2011/12 will require a change in accounting policy and this will be included in the 2011/12 accounts.

Comparative Movements in 2009/10:

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Infra - structure assets £000	Commun-ity assets £000	Surplus Assets £000	Assets under construc-tion £000	Total £000
Cost or Valuation:							
As at 1 April 2009	**235,393**	**25,101**	**167,212**	**14,885**	**17,453**	**3,097**	**463,141**
Additions	8,024	875	8,712	1,228	229	1,567	20,635
Disposals					(157)		(157)
Reclassifications	1,084	90		18	1,878	(2,736)	334
Revaluations (i)	6,228				1,214		7,442
As at 31 March 2010	**250,729**	**26,066**	**175,924**	**16,131**	**20,617**	**1,928**	**491,395**
Depreciation and Impairments:							
As at 1 April 2009		**(15,331)**	**(27,997)**	**(1,757)**			**(45,085)**
Depreciation charged to I&E	(5,072)	(2,108)	(4,155)	(387)			(11,722)
Impairment charged to I&E	(5,585)				(3,531)		(9,116)
Impairment written off to Revaluation Reserve	(90)						(90)
Disposals							0
Reclassifications							0
Revaluations							0
As at 31 March 2010	**(10,747)**	**(17,439)**	**(32,152)**	**(2,144)**	**(3,531)**		**(66,013)**
Balance Sheet amount as at 31 March 2010**	**239,982**	**8,627**	**143,772**	**13,987**	**17,086**	**1,928**	**425,382**
Balance Sheet amount as at 1 April 2009**	**235,393**	**9,770**	**139,214**	**13,127**	**17,453**	**3,097**	**418,054**
Nature of Asset Holding							
Owned	227,266	8,627	143,772	13,987	17,086	1,928	412,666
Finance Lease							
PFI	12,716						12,716
Total	**239,982**	**8,627**	**143,772**	**13,987**	**17,086**	**1,928**	**425,382**

Valuation of Non-Current Assets held at fair value

This statement shows the progress of the Council's rolling programme for the revaluation of non-current assets. The valuations are carried out by the Council's own internal valuer - qualified staff working for the Corporate Director of Economic Growth and Prosperity. The basis for valuation is set out in the statement of accounting policies.

	Other land & buildings £000	Vehicles, plant & equipment £000	Surplus Assets £000	Total £000
Held at historic cost		6,824		**6,824**
Valued at current value in:				
Current Year (1 April 2010)	26,300		1,606	**27,906**
Previous year (1 April 2009)	71,714		10,823	**82,537**
Two years ago (1 April 2008)	46,432		567	**46,999**
Three yrs ago (1 April 2007)	66,614		79	**66,693**
Four yrs ago (1 April 2006)	10,427		1,199	**11,626**
Total	**221,487**	**6,824**	**14,274**	**242,585**

The Council has successfully complied with the requirements of revaluing its assets in accordance with the rolling programme. This states that all assets should be revalued within a five year period. The Council's internal valuation service has ensured that all asset values are up to date. The exception to this is the valuation of land at Manchester Airport which is provided by the valuation service at Manchester City Council.

Foundation Schools

The Non-Current Assets and Long-Term Liabilities of Foundation Schools remain vested in the Governing Bodies of the Schools and therefore values and amounts have not been consolidated in this Balance Sheet. The same principle also applies to Voluntary-Aided Schools. In this area there are 8 Foundation Schools and 26 Voluntary-Aided Schools.

Significant commitments under capital contracts as at 31 March 2011

As at 31 March 2011 the Council was contractually committed to capital expenditure which amounted to approximately £52.8m. Major contracts included the following schemes:

	£000
St Ambrose College - Rebuild	22,142
Long Term Accommodation Strategy	25,312
Primary Schools' Capital Programme	3,977
Human Resources / Payroll System (SWiTch)	1,404
Total at 31 March 2011	**52,835**

13. Investment Properties (Balance Sheet page 13)

The following table summarises the movement in fair value of investment properties over the year:

	2010/11 £000	2009/10 £000
Balance at start of year	**27,700**	**31,473**
Additions:		
▪ Purchases		
▪ Construction		
▪ Subsequent expenditure		
Disposals		
Net gains/losses from fair value adjustments	(351)	(141)
Transfers:		
▪ to/from Inventories		
▪ to/from Property, Plant & Equipment	(209)	(3,616)
Other changes		(16)
Balance at end of year	**27,140**	**27,700**

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement:

	2010/11 £000	2009/10 £000
Rental income from investment property	(1,851)	(2,451)
Direct operating expenses arising from investment	383	1,051
Net (gain)/loss	**(1,468)**	**(1,400)**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

14. Intangible Assets (Balance Sheet page 13)

The Council accounts for its software as intangible assets, to the extent that software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are:

Useful Life	Other Assets
5 years	VOIP Software System - Telephony
10 years	Easy Software Upgrade
20 years	SAP - Social Care system
	SAP - Finance System
	Council Tax System

None of the software are internally generated.

The carrying amounts of intangible assets is amortised on a straight-line basis. The amortisation of £0.092m charged to revenue in 2010/11 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

	2010/11			2009/10		
	Internally Generated Assets	Other Assets	**Total**	Internally Generated Assets	Other Assets	**Total**
	£000	£000	**£000**	£000	£000	**£000**
Balance at start of year:						
▪ Gross carrying amounts	0	1,637	**1,637**		1,550	**1,550**
▪ Accumulated amortisation		(420)	**(420)**		(344)	**(344)**
Net carrying amount at start of year		**1,217**	**1,217**		**1,206**	**1,206**
Additions:						
▪ Internal development						
▪ Purchases		8	**8**		77	**77**
▪ Acquired through business combinations			**0**			**0**
Assets reclassified as held for sale			**0**			**0**
Other disposals			**0**			**0**
Revaluations increases or decreases			**0**			**0**
Impairment losses recognised or reversed directly in the Revaluation Reserve			**0**			**0**
Impairment losses recognised in the Surplus/Deficit on the Provision of Services			**0**			**0**
Amortisation for the period		(92)	**(92)**		(76)	**(76)**
Other changes		14	**14**		10	**10**
Net carrying amount at end of year	**0**	**1,147**	**1,147**		**1,217**	**1,217**
Comprising:						
▪ Gross carrying amounts		1,659	**1,659**		1,637	**1,637**
▪ Accumulated amortisation		(512)	**(512)**		(420)	**(420)**
	0	**1,147**	**1,147**		**1,217**	**1,217**

Intangible assets relate to software licences acquired as part of the development of the Council's Integrated Business Information System (IBIS).

There are no items of capitalised software that are individually material to the financial statements.

15. Financial Instruments

The Balance Sheet is required to have a minimum of four balances relating to financial instruments;

- Long term investments
- Current assets – investments
- Current liabilities – borrowings repayable on demand or in less than 12 months
- Borrowing Repayable within a period in excess of 12 months

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long-term		Current	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
Investments				
Loans and receivables (b)			0	0
Available-for-sale financial assets	0	0	0	0
Unquoted equity investment at cost (c)	10,214	10,214	0	0
Investments (Principal amount)	2,000	0	78,035	46,190
Accrued Interest	2	0	136	58
Total investments	**12,216**	**10,214**	**78,171**	**46,248**
Debtors	8,693	8,693		
Loans and receivables				
Financial assets carried at contract				
Total Debtors	**8,693**	**8,693**	**0**	**0**
Borrowings				
Financial liabilities (Principal amount)	100,747	80,991	247	1,436
Accrued Interest	0	0	953	952
Other accounting adjustments	922	932	0	0
Total Borrowings (a)	**101,669**	**81,923**	**1,200**	**2,388**
Other Long Term Liabilities				
PFI and finance lease liabilities	6,856	7,000		
Total other long term liabilities	**6,856**	**7,000**		
Creditors				
Financial liabilities at amortised cost				
Financial liabilities carried at contract amount				
Total Creditors	**0**	**0**	**0**	**0**

(a) Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments / receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

(b) This reflects the reclassification of the Manchester Airport Group loans following their successful restructuring in February 2010.

(c) These are shares held in Manchester International Airport and are valued at cost less any impairment, as the fair value can not be measured reliably. The shares are not quoted on the Stock Market and consequently are not available for sale, plus there is also a lack of any satisfactory historic evidence available on which to determine the fair value. The Council at this point in time is to retain these shares.

In prior years the Council placed funds for periods longer than 364 days however due to the current economic climate and counterparty security issues, investments during 2010/11 were primarily placed with counterparties offering a higher level of security for shorter periods of time. The Long Term investment currently shown outstanding as at 31 March 2011 was placed with another UK Local Authority and therefore no security aspects have been compromised.

Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows;

	2010/11			2009/10		
	Financial Liabilities measured at amortised cost £000	Financial Assets: Investments £000	Total £000	Financial Liabilities measured at amortised cost £000	Financial Assets: Investments £000	Total £000
Interest Expense	5,464		**5,464**	4,907		**4,907**
Losses on derecognition	201		**201**	232		**232**
Reductions in far value			**0**			**0**
Impairment losses			**0**			**0**
Fee expense			**0**			**0**
Total expense in Surplus or Deficit on the Provision of Services	**5,665**		**5,665**	**5,139**		**5,139**
Interest income		(1,661)	**(1,661)**		(1,065)	**(1,065)**
Interest income accrued on impaired financial assets			**0**			**0**
Increases in fair value			**0**			**0**
Gains on derecognition			**0**			**0**
Fee income			**0**			**0**
Total income on Surplus or Deficit on the Provision of Services		**(1,661)**	**(1,661)**		**(1,065)**	**(1,065)**

	2010/11			2009/10		
	Financial Liabilities measured at amortised cost £000	**Financial Assets: Investments £000**	**Total £000**	**Financial Liabilities measured at amortised cost £000**	**Financial Assets: Investments £000**	**Total £000**
Gains on revaluation			**0**			**0**
Losses on revaluation			**0**			**0**
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment			**0**			**0**
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure			**0**			**0**
Net gain/(loss) for the year	**5,665**	**(1,661)**	**4,004**	**5,139**	**(1,065)**	**4,074**

Note – there are no assets/liabilities classed as available for sale or at fair value through profit and loss

Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost (in long term assets / liabilities with accrued interest in current asset / liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For investments the prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Financial Liabilities

	31 March 2011		31 March 2010	
	Carrying amount £000	**Fair value £000**	**Carrying amount £000**	**Fair value £000**
Financial Liabilities				
PWLB debt	45,663	57,373	47,134	58,554
Non-PWLB debt	57,203	50,749	37,177	37,723
Total debt	102,866	108,122	84,311	96,277
Trade creditors	12,715	12,715	17,888	17,888
Total Financial Liabilities	**115,581**	**120,837**	**102,199**	**114,165**

Financial Assets

	31 March 2011		31 March 2010	
	Carrying amount £000	**Fair value £000**	**Carrying amount £000**	**Fair value £000**
Money market deposits up to 1 year	78,171	78,171	46,248	46,248
Money market deposits over 1 year	2,002	1,996	0	0
Total investments	80,173	80,167	46,248	46,248
Airport Loan	8,693	8,693	8,693	8,693
Section 106 debtors	12,294	12,294	13,969	13,969
Trade debtors	4,434	4,434	6,093	6,093
Total Financial Assets	**105,594**	**105,588**	**75,003**	**75,003**

The fair value is greater than the carrying amount because the Council's portfolio of liabilities and assets includes a number of fixed rate instruments where the interest rate payable and receivable are higher than the rates available for similar transactions in the market at the balance sheet date. This increases the fair value of financial liabilities and raises the value of Investments.

The fair values for both financial liabilities and assets have been determined by reference to the Public Works Loan Board (PWLB) redemption rules which provide a good approximation for the fair value of a financial instrument and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and counterparty, but it is impractical to use these figures, and the differences are likely to be immaterial.

Interest in Companies - Long Term Investments (Balance Sheet page 13)

The valuation of the Council's shareholding is based on historical cost unless otherwise stated.

at 31.03.10 £000		at 31.3.11 £000
10,214	Shareholdings in Manchester Airport plc(i)	10,214
	Investments over 364 days	
0	Balance b/fwd	0
0	Add interest accrual	2
0	Net increase/(decrease) in investments	2,000
0	**Sub-total investments over 364 days**	2,002
10,214	**Total**	**12,216**

(i) Manchester Airport Group plc

The Council's investment in Manchester Airport represents 5% of the company's share capital.

at 31.03.10 £m	***Manchester Airport Consolidated Profit and Loss Account and Balance Sheet (Extract)***	at 31.3.11 * £m
45.6	Profit/(Loss) before Tax	80.6
36.9	Profit/(Loss) after Tax	84.7
769.1	Net Assets	817.0

Note: The Group have chosen to account under International Financial Reporting Standards from the financial year ended 31 March 2006 onwards.

* Draft unaudited figures.

Dividends of £(1.000)m were received in the year 2010/11 (£(1.000)m in 2009/10). Further information on these accounts can be obtained from the Group Financial Accountant, Manchester Airport Group plc, 4th Floor Olympic House, Manchester Airport, Manchester M90 1QX (telephone no. 0161 489 5833).

(ii) MaST Lift Co.

The Council has a 2% share holding of £200 (200 £1 equity shares) in the MaST Lift Co. This is a cross-sector partnership company, set up with the intent of improving primary health care facilities. Further information and details of the financial statements of MaST Lift Co. Ltd can be obtained from: MaST LIFT Company, Quay West, 5th Floor, West Wing, Trafford Wharf Road, Trafford Park, Manchester M17 1HH.

Short Term Investments (Balance Sheet page 13)

at 31.03.10 £000		31.03.11 £000
48,357	**Balance b/fwd**	**23,044**
58	Add interest accrual	119
(2,167)	Net increase/(decrease) in investments	33,655
46,248	**Sub-total**	**56,818**
(23,204)	Transfer to Cash and Cash Equivalents	
23,044	**Total**	**56,818**

The figure of £78.2m (£46.3m in 2009/10) represents the investment of funds that are temporarily surplus to requirements placed for short periods and earn market rates of interest. The increase in 2010/11 includes the effects of £20.0m of new borrowing (see also below).

Long-Term Borrowing (Balance Sheet page 13)

at 31.03.10 £000		Interest Rates	at 31.03.11 £000
	Analysis by type of loan		
46,422	Public Works Loan Board	**4.55%-11.5%**	44,990
0	Increase due to reclassification of premium		0
0	Net increase/(decrease) in annual charge		0
(1,432)	Less repayments due		(245)
0	Net increase/(decrease) in borrowings		0
44,990	Balance		44,745
36,943	Money Market Loans	**2.0% - 4.99%**	36,932
0	Increase due to reclassification of premium		0
(11)	Net increase/(decrease) in annual charge		(10)
0	Net increase/(decrease) in borrowings		20,000
36,932	Balance		56,922
2	Local Bonds and Mortgages	**0.5%**	2
81,924	**Total Loan Debt Outstanding**		**101,669**

	Analysis by date of maturity		
256	Analysis in more than 1 year and less than 2 years		283
5,784	Analysis in more than 2 years and less than 5 years		7,283
14,061	Analysis in more than 5 years and less than 10 years		15,517
13,921	Analysis in more than 10 years and less than 15 years		10,709
47,902	Analysis in more than 15 years		67,877
81,924	**Total Loan Debt Outstanding**		**101,669**

Figures exclude amounts due to be repaid within 12 months.

In accordance with the Code the long term loans outstanding carrying amount shown on the balance sheet now includes the effective interest rate adjustment for the Council's two stepped interest rate market loans and positive attributable premium for both PWLB and market loans.

A £20m drawdown facility created in February 2010, was utilised in February 2011 and is included in the above table.

Movements in borrowings

	£000
Closing Balance 31 March 2010	**81,924**
Less Maturing Debt not replaced*	(245)
Net increase/(decrease) in annual charge	(10)
Add New debt taken	20,000
Closing Balance 31 March 2011	**101,669**

* Represents principal falling due for repayment in accordance with the terms of the loans.

16. Inventories (Balance Sheet page 13)

The Council held the following inventories at 31 March 2010 and 2011. All are related to consumable stores.

	Consumable Stores	
	2010/11	**2009/10**
	£000	**£000**
Balance outstanding at start of year	**443**	**484**
Purchases	870	738
Recognised as an expense in the year	(857)	(778)
Written off balances		(1)
Rehearsals of write-offs in previous years		
Balance outstanding at year-end	**456**	**443**

17. Work in Progress (Construction Contracts)

Significant commitments under capital contracts as at 31 March 2011

As at 31 March 2011 the Council was contractually committed to capital expenditure which amounted to approximately £52.8m. Major contracts included the following schemes:

	£000
St Ambrose College - Rebuild	22,142
Long Term Accommodation Strategy	25,312
Primary Capital Programme	3,977
Human Resources/Payroll System (SWiTch)	1,404
Total at 31 March 2011	**52,835**

18. Debtors (Balance Sheet page 13)

Long Term Debtors & Prepayments

	31.3.11	**31.3.10**
	£000	**£000**
Council Houses (Mortgages)	93	116
Private Dwellings (Mortgages)	22	28
Probation Service (i)	1,211	1,279
Car Loans to Staff	13	15
Manchester Airport Plc (ii)	8,693	8,693
Sale PFI – lifecycle replacement (iii)	573	490
MUFC Deferred Debtor (iv)	300	360
Homestep Loans (v)	1,271	1,271
Total	**12,176**	**12,252**

(i) The Council acts as 'lead' authority in providing loans to the Greater Manchester Probation Service (GMPS) to assist in the financing of their capital programme. These advances are repaid with interest over varying periods of up to 60 years.

(ii) The Council together with the other nine Greater Manchester authorities is a shareholder in Manchester Airport plc. During 2009/10, in exchange for a greater level of coupon rate receivable, all ten councils agreed to restructure the long term loans that had previously been made to the Airport to finance capital expenditure. As a result of this, these loans which were previously classed as secure loans have become unsecured loans, although with minimal risk. The revised loan agreement is due to expire in 2055.

(iii) Private Finance Initiative (PFI) **-** The Council has a PFI scheme for the provision of new office and community facilities in Sale Town Centre. Amounts payable under the arrangement to the PFI operator in respect of lifecycle costs are included as prepayments. These amounts will be written down to the asset when lifecycle works are undertaken.

(iv) MUFC Deferred Debtor – A Section 106 agreement was entered into with Manchester United Football Club in March 2005 relating to the stadium improvements completed in 2006. The agreement provides for the funding of works on transport infrastructure improvements, match day improvements measures and improvements to sporting facilities in the borough. In addition to £0.400m received in 2006/07, an amount of £0.600m is due over the next ten years in annual instalments of £0.060m per year. The £0.060m instalment due in 2011/12 is included within short-term debtors in the Balance Sheet.

(v) Homestep Loans – these are loans provided to first time buyers to assist key workers to purchase a home. The amount advanced has been included as a long term debtor and is repayable when the property is sold.

Short Term Debtors and Payments in Advance

Amounts falling due within one year	**31 March 2011 £000**	**31 March 2010 £000**
Council Tax	8,352	7,895
Business Rates – Government debtor	3,586	2,885
Other Government Departments	2,862	3,590
Payments in advance	4,333	6,031
S106 agreement – Barton Square	10,426	12,852
Other	19,248	19,090
Sub Total	48,807	52,343
Less Provision for Bad and Doubtful Debts	(11,840)	(11,821)
Total	**36,967**	**40,522**

19. Cash and Cash Equivalents (Balance Sheet page 13)

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2010 £000		**31 March 2011 £000**
11,808	Cash held by the Council/Bank current accounts	11,147
23,204	Short-term deposits	21,353
35,012	**Total Cash and Cash Equivalents**	**32,500**

20. Assets Held for Sale (Balance Sheet page 13)

All assets held for sale are classified as current as are expected to be sold within the next financial year.

	Current assets	
	2010/11	**2009/10**
	£000	**£000**
Balance outstanding at start of year	**3,272**	**675**
Assets newly classified as held for sale:		
▪ Property, Plant and Equipment	6,894	3,272
▪ Intangible Assets	166	0
▪ Other assets/liabilities in disposal group		
Revaluation losses		
Revaluation gains	1,089	0
Impairment losses		
Assets held as declassified for sale:		
▪ Property, Plant and Equipment		
▪ Intangible Assets		
▪ Other assets/liabilities in disposal group		
Assets sold	(1,839)	(693)
Transfers from non-current to current	0	0
(Other movements)	120	18
Balance at year-end	**9,702**	**3,272**

Strict criteria restricts what assets can be classed as held for sale and the Council's surplus property included within Property, Plant and Equipment (Note 12) has been reviewed by the Council's valuers and reclassified where necessary to this category.

21. Creditors and Receipts in Advance (Balance Sheet page 13)

Long Term Creditors

This includes £0.036m (£0.035m in 2009/10) for the maintenance of graves at cemeteries.

Long-Term Liabilities - Deferred

	31 March 2011 £000	31 March 2010 £000
Sale PFI – Finance Lease liability (i)	6,702	6,855
Sale PFI grant (ii)	1,081	970
Greater Manchester Debt Administration Fund – MIA (iii)	1,223	1,311
Council house mortgages (iv)	133	166
Trafford Park Development Corporation (v)	181	189
Commuted sums/S106 agreements (vi)	1,504	1,802
Total	**10,824**	**11,293**

(i) This is in respect of the lease liability on the Sale Waterside PFI scheme, (note 42).

(ii) Sale PFI grant – amount set aside to cover the final payments due at the end of the PFI contract (note 42).

(iii) This is the deferred long term liability relating to Manchester Airport debt (see note 48b).

(iv) £0.133m is due from the sale of council houses and other dwellings where buyers have entered into a mortgage agreement with the Council. Therefore the repayments will be received in instalments over a number of years.

(v) Prior to its wind up on 31 March 1998 the Trafford Park Urban Development Corporation paid the sum of £1.3m in recognition of the Council agreeing to pay some of the corporation's outstanding liabilities and carrying out certain works. There is a remaining balance of £0.181m as at 31 March 2011.

(vi) The Council has also received commuted sums from developers, in particular for the development and maintenance of open spaces. This will be released to the revenue account when the cost of providing these services falls due.

Short Term Creditors

	31 March 2011 £000	**31 March 2010 £000**
HM Revenue and Customs	4,008	4,062
Other Government Departments	34	0
Sundry Creditors	28,184	28,192
Employees – accumulated absences	4,368	4,944
Receipts in Advance – Council Tax	3,554	3,625
Other Receipts in Advance	3,132	3,330
Total	**43,280**	**44,153**

22. Provisions (Balance Sheet page 13)

The Council has the following total provisions at 31 March 2011:

Total Provision	**Balance 1 April 2010 £000**	**Net Movement in Year £000**	**Balance 31 March 2011 £000**
Insurance (i)	3,353	(607)	2,746
Equal Pay (ii)	3,221	0	3,221
S117 Mental Health Act (iii)	516	(28)	488
VAT on Parking income (iv)	135	0	135
Employee Rationalisation (v)	0	203	203
Total	**7,225**	**(432)**	**6,793**

Movement in provisions at 31 March 2011 is summarised as follows:

	Outstanding Legal Cases	Injury and Damage Compensation Claims	Other Provisions	Total
	£000	£000	£000	£000
Balance at 1 April 2010	**3,356**	**3,353**	**516**	**7,225**
Additional provisions made		945	203	**1,148**
Amounts used		(1,552)	(28)	**(1,580)**
Unused amounts reversed				**0**
Unwinding of discounting				**0**
Balance as at 31 March 2011	**3,356**	**2,746**	**691**	**6,793**

An element of the above provisions have been classified as short-term on the balance sheet based on the assumption that there is a high likelihood that they will be used within 12 months of the balance sheet date:

Provisions	Balance 1 April 2010 £000	Balance 31 March 2011 £000
Insurance	947	1,126
Employee Rationalisation	0	203
Total Short Term	**947**	**1,329**
Insurance	2,406	1,620
Equal Pay	3,221	3,221
S117 Mental Health Act	516	488
VAT on Parking income	135	135
Total Long Term	**6,278**	**5,464**
Total	**7,225**	**6,793**

(i) Insurance £2.746m - The Council is practically self-insured for Public and Employers Liability claims. The Council is therefore obliged to make a provision each year in respect of potential claims, most of which are received in future years. In 2010/11, from a starting balance of £3.353m contributions of £0.945m were made to the provision, £0.947m of claims were paid and £0.605m was transferred to the insurance reserve, leaving a balance on the provision of £2.746m - which is deemed an appropriate balance to cover any outstanding liabilities.

(ii) Liabilities arising from claims under Equal Pay legislation from employees who may have been disadvantaged under the Council's previous pay scheme operating up to 31 December 2008 have been estimated at £3.221m. Of this £1.391m has been capitalised and £1.115m previously provided through the Comprehensive Income and Expenditure Statement. The remaining £0.715m was originally deferred in the Equal Pay Adjustment Account in accordance with Accounting Regulation 30A – this has been brought into account during 2010/11 using existing revenue balances.

(iii) Provision of £0.488m (£0.516m in 2009/10) for charges which may have been unlawfully levied under S117 of the Mental Health Act 1983 and which may be required to be repaid. This is as a result of court and subsequent Ombudsman rulings affecting all local authorities who have made such charges.

(iv) VAT on car parking of £0.135m (£0.135m in 2009/10). These monies are held pending the outcome of outstanding litigation affecting all local authorities in respect of the VAT liability for off-street car parking.

(v) Employee Rationalisation – the Council has severance agreements with a number of staff which may or may not be taken up pending the rationalisation of employment within the Council. The estimated cost of these agreements is £0.203m.

23. Usable Reserves (Balance Sheet page 13)

Movement in the Council's usable reserves are detailed in the Movement in Reserves Statement and in Note 7. The following additional information is provided relating to reserves held by schools.

(i) Reserves & Balances held by Schools under Delegated Schemes

In accordance with the Council's approved scheme for delegating budgets to schools, the amount of any budget not spent in the year is carried forward. These reserves are not available to the Council for general use, it is for each school to determine how they are spent. The surplus balances at 31 March 2011 were £11.018m (£13.406m at 31 March 2010), which includes £10.737m of revenue balances and £0.281m of capital balances.

At 31 March 2011 there were 5 schools with a deficit balance on their revenue reserves, amounting to £0.275m, whilst 83 schools had surplus balances amounting to £11.012m.

In addition, there are unspent devolved formula capital balances of £2.533m, which are included within Capital Grants and Contributions on the balance sheet (note 38).

(ii) Capital Receipts reserve

The Local Government Act 2003 requires that a percentage of housing capital receipts be paid over to the Government under the pooling regulations. The balance, is held in the Capital Receipts Reserve to meet new capital expenditure, debts or other liabilities.

2010 £000		2011 £000
8,814	**Balance carried forward at 1 April**	**10,955**
3,972	Capital receipts in the year from sale of assets	2,949
	Less amounts set aside:	
(1)	credited to mortgage accounts	
3,971	**Sub-total**	**13,904**
(25)	Less amount payable to Government re pooling liability	(24)
(1,805)	Amount used to finance capital expenditure in year	(3,795)
10,955	**Balance carried forward at 31 March**	**10,085**

24. Unusable Reserves (Balance Sheet page 13)

Total unusable reserves balances and movements are shown in the Movement in Reserves Statement and in Note 7. The following notes give an explanation by individual reserve.

31 March 2010 £000	Unusable Reserves	31 March 2011 £000
28,818	Revaluation Reserve (i)	28,423
0	Available for Sale Financial Instruments Reserve	0
311,767	Capital Adjustment Account (ii)	298,584
(6,818)	Financial Instruments Adjustment Account (iii)	(6,614)
0	Deferred Capital Receipts Reserve	0
(261,023)	Pensions Reserve (iv)	(112,136)
716	Collection Fund Adjustment Account (v)	307
(715)	Equal Pay Adjustment Account (vi)	0
(4,944)	Accumulated Absences Account (vii)	(4,368)
67,801	**Total Unusable Reserves**	**204,196**

(i) Revaluation Reserve

- The Revaluation Reserve contains the gains made by the Council arising from the increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:
- revalued downwards or impaired
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2009/10 £000			2010/11 £000
23,179	**Balance as at 1 April**		**28,818**
9,453	Upward revaluation of assets	1,643	
(1,332)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(292)	
8,121			1,351
(2,011)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	0	
(115)	Difference between fair value depreciation and historical cost depreciation	(1,197)	
(356)	Accumulated gains on assets sold or scrapped	(549)	
(2,482)	Amount written off to the Capital Adjustment Account		(1,746)
28,818	**Balance as at 31 March**		**28,423**

Note – the balance on this account has been adjusted for changes in the fair value of investment property of £2.011m in 2009/10 which are reflected in the Capital Adjustment Account.

(ii) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Capital Adjustment Account contains amounts required by statute to be set aside from capital receipts and Government grants together with the amount set aside from revenue accounts for the repayment of debt. It also contains the amounts used from revenue, capital receipts and grants to finance the capital programme. The reserve is not available to supplement spending programmes of the Council. A credit balance on this account reflects that capital finance has been set aside at a faster rate than non-current assets have been consumed.

2009/10 £000			2010/11 £000
264,904	**Balance as at 1 April**		**311,767**
52,882	Adjustment for transfer of the Government Grants Deferred (GGDA) Balance		0
0	In year GGDA Writedown		0
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(23,007)	- Charges for depreciation and impairment of non-current assets	(22,379)	
1,243	- Revaluation losses on Property, Plant and Equipment	0	
(76)	- Amortisation of intangible assets	(92)	
(768)	- Revenue expenditure funded from capital under statute	(971)	
(850)	- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(10,275)	
(23,458)		(33,717)	
471	Adjusting amounts written out of the Revaluation Reserve	1,746	(31,971)
	Net written out amount of the cost of non-current assets consumed in the year		
	Capital financing applied in the year:		
1,796	- Use of the Capital Receipts Reserve to finance new capital expenditure	3,795	
8,749	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	10,877	
4,306	- Statutory provision for the financing of capital investment charged against the General Fund Balance	4,404	
106	- Capital expenditure charged against the General Fund Balance	62	
14,957			19,138
2,011	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(351)
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		0
311,767	**Balance as at 31 March**		**298,583**

(iii) Financial Instruments Adjustment Account

2009/10 £000		2010/11 £000
(7,037)	**Balance as at 1 April**	**(6,818)**
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
0	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with Statutory requirements	0
219	Less annual charge for premiums incurred in previous financial years and stepped loan EIR adjustment	204
	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	
(6,818)	**Balance at 31 March**	**(6,614)**

The above table details the transactions generated in accordance with the Code and includes outstanding premium incurred from past debt restructuring exercises on which the replacement loan does not meet one of following criteria;

- Replaced on same day;
- Replaced with same lender;
- Net Present Value of future cash flows of the repaid loan compared to the replacement loan does not produce a saving of less than 10%.

In addition to this, the equalisation of interest on the two stepped interest rate market loans calculated over their full life was transferred into this account with the annual recharge to the income & expenditure changing from that actually incurred to one calculated on a Effective Interest Rate basis. The balance on the account at 31st March 2011 will be charged to the General Fund in accordance with statutory arrangements over the next 32 years.

(iv) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2009/10 £000		2010/11 £000
104,942	**Balance as at 1 April**	**261,023**
152,400	Actuarial gains or losses on pensions assets and liabilities	(94,300)
18,100	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement*	(39,300)
(14,419)	Employer's pension contributions and direct payments to pensioners payable in the year	(15,287)
261,023	**Balance as at 31 March**	**112,136**

* The figure for 2010/11 includes £(62.6)m relating to changes announced in the Chancellors budget statement on 22 June 2010 - the calculation of pension increases is now based on the Consumer Prices Index and not the Retail Prices Index as in the past. The financial effect is shown as a negative past service cost in Non Distributed Costs in the Comprehensive Income and Expenditure Statement.

(v) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2009/10 £000		2010/11 £000
1,120	**Balance as at 1 April**	**716**
(404)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(409)
716	**Balance as at 31 March**	**307**

(vi) Equal Pay Adjustment Account

The Equal Pay Adjustment Account compensates for the differences between the rate at which the Council provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability under statutory provisions to defer the impact on the General Fund Balance until such time as cash might be paid out to claimants. The amount deferred at the start of the year has been cleared using existing balances during 2010/11.

2009/10 £000		2010/11 £000
(921)	**Balance as at 1 April**	**(715)**
0	Increase in provision for back pay in relation to Equal Pay cases	0
0	Cash settlements paid in the year	0
206	Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	715
(715)	**Balance as at 31 March**	**0**

(vii) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in they year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account. The reduction in the balance at 31 March 2011, relates to schools transferring to academy status during 2010/11.

2009/10 £000		2010/11 £000
(4,813)	**Balance as at 1 April**	**(4,944)**
4,813	Settlement or cancellation of accrual made at the end of the preceding year	4,944
(4,944)	Amounts accrued at the end of the current year	(4,368)
(131)	Amount by which amounts officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	576
(4,944)	**Balance as at 31 March**	**(4,368)**

25. Cash Flow Statement - Operating Activities (page 17)

The cash flows for operating activities include the following items:

2009/10 £000		2010/11 £000
(2,476)	Interest received	(598)
4,486	Interest paid	4,597
(1,000)	Dividends received	(1,000)

26. Cash Flow Statement - Investing Activities (page 17)

The cash flows for investing activities include the following items:

2009/10 £000		2010/11 £000
18,801	Purchase of property, plant and equipment, investment property and intangible assets	21,839
(22,312)	Purchase / (proceeds) of short-term and long-term investments	35,081
0	Other payments for investing activities	0
(3,962)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,949)
(11,865)	Other receipts from investing activities	(13,868)
(19,338)	**Net cash flows from investing activities**	**40,103**

27. Cash Flow Statement - Financing Activities (page 17)

The cash flows for financing activities include the following items:

2009/10 £000		2010/11 £000
0	Cash receipts of short and long-term borrowing	(20,000)
0	Other receipts from financing activities	0
0	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	0
237	Repayments of short and long-term borrowing	1,444
0	Other payments for financing activities	0
237	**Net cash flows from investing activities**	**(18,556)**

28. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Council's Executive on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;
- expenditure on support services is reported in the directorate in which the direct costs and income relate, and not on a recharged basis.

The income and expenditure of the Council's principal directorates recorded in the budget reports for the year is as follows:

Directorate Income and Expenditure 2010/11	**Children & Young People Services**	**Communities & Wellbeing**	**Economic Growth & Prosperity / Environment Transport & Operations**	**Transformation & Resources**	**Council Wide**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges & other service income	(9,797)	(14,010)	(13,578)	(5,823)	(8,851)	**(52,059)**
Government grants	(186,042)	(11,355)	(1,516)	(2,633)	(85,301)	**(286,846)**
Total income	**(195,839)**	**(25,365)**	**(15,093)**	**(8,456)**	**(94,153)**	**(338,905)**
Employee expenses	118,980	21,675	14,704	16,950	3,779	**176,087**
Other service expenses	106,659	65,882	34,764	8,360	103,754	**319,420**
Support service recharges	615	0	0	0	0	**615**
Total expenditure	**226,254**	**87,557**	**49,468**	**25,310**	**107,533**	**496,122**
Net expenditure	**30,415**	**62,192**	**34,375**	**16,854**	**13,380**	**157,217**

Directorate Income and Expenditure **2009/10 Comparative Figures**	Children & Young People Services	Communities & Wellbeing	Economic Growth & Prosperity / Environment Transport & Operations	Transformation & Resources	Council Wide	Total
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(6,608)	(13,630)	(14,740)	(5,966)	(8,583)	**(49,527)**
Government grants	(181,467)	(15,519)	(2,651)	(2,955)	(76,494)	**(279,086)**
Total income	**(188,075)**	**(29,150)**	**(17,390)**	**(8,921)**	**(85,076)**	**(328,613)**
Employee expenses	114,721	22,474	14,897	16,284	3,003	**171,379**
Other service expenses	105,143	64,726	35,325	8,995	95,774	**309,963**
Support service recharges	612	0	0	0	0	**612**
Total expenditure	**220,476**	**87,200**	**50,223**	**25,279**	**98,776**	**481,954**
Net expenditure	**32,401**	**58,050**	**32,832**	**16,358**	**13,699**	**153,341**

Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of the directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2010/11	2009/10
	£000	£000
Net expenditure in the Directorate Analysis	**157,217**	**153,341**
Net expenditure of services and support services not included in the Analysis	0	0
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	(42,265)	22,545
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(13,274)	(27,967)
Cost of Services in Comprehensive Income and Expenditure Statement	**101,677**	**147,919**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of the directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2010/11	Directorate Analysis £000	Services and Support Services not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of recharges £000	Cost of services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(49,398)	0	0	1,931	(26,888)	**(74,355)**	(2,181)	**(76,536)**
Surplus or deficit on associates and joint ventures	0	0	0	0	0	**0**	0	**0**
Interest and investment income	(2,661)	0	0	2,661	0	**0**	(2,661)	**(2,661)**
Income from council tax	0	0	0	0	0	**0**	(87,785)	**(87,785)**
Government grants and contributions	(286,846)	0	(13,700)	13,856		**(286,690)**	(97,752)	**(384,442)**
Total income	**(338,905)**	**0**	**(13,700)**	**18,448**	**(26,888)**	**(361,045)**	**(190,379)**	**(551,424)**
Employee expenses	176,087	0	(61,062)	0	0	**115,025**	5,900	**120,925**
Other service expenses	288,857	0	14,430	(1,159)	0	**302,128**	733	**302,861**
Support Service recharges	615	26,888	0	0	0	**27,503**	0	**27,503**
Depreciation, amortisation and impairment	0	0	18,067	0	0	**18,067**	0	**18,067**
Interest Payments	5,464	0	0	(5,464)	0	**0**	5,464	**5,464**
Precepts & Levies	25,099	0	0	(25,099)	0	**0**	25,188	**25,188**
Payments to Housing Capital Receipts Pool	0	0	0	0	0	**0**	24	**24**
Gain or loss on Disposal of Non-Current Assets	0	0	0	0	0	**0**	7,313	**7,313**
Total expenditure	**496,122**	**26,888**	**(28,565)**	**(31,722)**	**0**	**462,723**	**44,622**	**507,345**
Surplus or deficit on the provision of services	**157,217**	**26,888**	**(42,265)**	**(13,274)**	**(26,888)**	**101,678**	**(145,756)**	**(44,079)**

2009/10 comparative figures	Directorate Analysis £000	Services and Support Services not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of recharges £000	Cost of services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(47,462)	0	0	2,451	(27,470)	**(72,481)**	(2,577)	**(75,058)**
Surplus or deficit on associates and joint ventures	0	0	0	0	0	**0**	0	**0**
Interest and investment income	(2,065)	0	0	2,065	0	**0**	(2,065)	**(2,065)**
Income from council tax	0	0	0	0	0	**0**	(86,067)	**(86,067)**
Government grants and contributions	(279,086)	0	(10,952)	0	0	**(290,038)**	(89,955)	**(379,993)**
Total income	**(328,613)**	**0**	**(10,952)**	**4,516**	**(27,470)**	**(362,519)**	**(180,664)**	**(543,183)**
Employee expenses	171,379	0	3,812	0	0	**175,191**	8,900	**184,091**
Other service expenses	281,542	0	12,329	(4,062)	0	**289,809**	(960)	**288,849**
Support Service recharges	612	27,470	0	0	0	**28,082**	0	**28,082**
Depreciation, amortisation and impairment	0	0	17,356	0	0	**17,356**	0	**17,356**
Interest Payments	4,907	0	0	(4,907)	0	**0**	4,907	**4,907**
Precepts & Levies	23,514	0	0	(23,514)	0	**0**	23,601	**23,601**
Payments to Housing Capital Receipts Pool	0	0	0	0	0	**0**	25	**25**
Gain or loss on Disposal of Non-Current Assets	0	0	0	0	0	**0**	(3,113)	**(3,113)**
Total expenditure	**481,954**	**27,470**	**33,498**	**(32,483)**	**0**	**510,438**	**33,360**	**543,798**
Surplus or deficit on the provision of services	**153,341**	**27,470**	**22,545**	**(27,967)**	**(27,470)**	**147,919**	**(147,304)**	**615**

29. Acquired and Discontinued Operations

None to report.

30. Trading Operations (See also Note 10)

		2008/09 £000	2009/10 £000	2010/11 £000
Building Cleaning	Turnover	(2,411)	(2,316)	(2,127)
	Expenditure	2,068	2,102	1,923
	(Surplus)/Deficit	(343)*	(214)	(204)
Cumulative Surplus over last three financial years: £(761)k				
Education Catering	Turnover	(5,765)	(5,216)	(5,504)
	Expenditure	5,255	5,304	5,378
	(Surplus)/Deficit	(510)*	88	(126)
Cumulative Surplus over last three financial years: £(548)k				
Net (surplus)/deficit on trading operations		**(853)**	**(126)**	**(330)**

*£0.800m of the surplus on DSO's in 2008/09 was transferred to General Reserve to support the 2009/10 budget.

All the above figures are inclusive of depreciation**.**

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some are an integral part of one of the Council's services to the public whilst others are support services to the Council's services to the public (e.g. Schools Catering and Cleaning). The expenditure of these operations is allocated or recharged to headings in the Net Operating Expenditure of Continuing Operations. Only a residual amount of the net surplus on trading operations is charged as Financing and Investment Income and Expenditure (see Note 10):

	2010/11 £000	2009/10 £000
Net surplus on trading operations	**(330)**	**(126)**
Services to the public included in Expenditure of Continuing Operations	0	0
Support services recharged to Expenditure of Continuing Operations	0	0
Net surplus credited to Other Operating Expenditure	**(330)**	**(126)**

31. Agency Services

The Code determines that billing authorities act as agent when collecting local taxes, as follows:

- Council tax - the billing authority acts as the agent of its major preceptors when collecting council tax on their behalf. In Trafford, the two major preceptors are the Greater Manchester Fire and Police Authorities. No fee is chargeable for this service;
- National Non-Domestic Rates (NNDR) - the billing authority acts as agent for Central Government in collecting NNDR. The Government paid Trafford an allowance for the cost of this collection in 2010/11 of £0.463m (£0.465m in 2009/10).

The Council has not acted in an agency capacity for any other external bodies in the 2009/10 or 2010/11 financial year.

32. Road Charging Schemes

None to report.

33. Pooled Budgets

Trafford has operated a pooled fund for *Learning Disability Services* in conjunction with Trafford Primary Care Trust (PCT) since 1 April 2003. Trafford MBC acts as the host authority for the pooled fund, which is managed by a jointly appointed associate director, managing and monitoring finances and making payments on behalf of the pool. Trafford MBC is also responsible for accounting arrangements for the pool and has provided a memorandum of accounts for both partner agencies. The total net value of the pool including the surplus carried forward of £0.572m was £15.660m. Total gross expenditure was £22.355m, gross income £6.123m. Of the net value, £8.603m was funded by the Council and £7.057m by the PCT. The fund overspent by £0.572m, which has been carried forward to 2011/12 in accordance with the terms of the partnership agreement.

The pool provides a wide variety of services to Learning Disability adults in Trafford, including a joint community team, extensive specialist residential provision, a range of supported placements, support in the home and external and in-house day care.

Trafford PCT also acts as host body for the *Integrated Community Equipment Pooled Fund*, in partnership with the Council. The pooled fund commenced operation on 1 April 2004. The total net value of the pool including the deficit carried forward of £0.188m was £1.082m, with £0.949m funded by the Council and £0.133m by the PCT. The fund overspent by £0.188m, which has been carried forward to 2011/12 in accordance with the terms of the partnership agreement.

The pooled fund provides funding for a variety of community equipment services designed to enable clients to return to and remain in their own homes. It also funds the One Stop Resource Centre and an advice line run in partnership with Trafford Disability Information and Advice Line (DIAL).

Pooled Budgets – Summary Financial Statement

	2010/11 £000	2009/10 £000
Funding provided to the pooled budgets:		
▪ the Council	(9,552)	(9,521)
▪ Trafford PCT	(7,190)	(7,133)
	(16,742)	(16,654)
Expenditure met from the pooled budget:		
▪ the Council	14,828	14,122
▪ Trafford PCT	2,674	2,564
	17,502	16,686
Net (surplus)/deficit arising on the pooled budget during the year	**760**	**32**
Council share of 57% of the net surplus arising on the pooled budget	**433**	**18**

34. Members' Allowances

The Council paid the following amounts to members of the council during the year.

	2010/11 £000	2009/10 £000
Basic Allowances	409	409
Special Responsibility Allowances	301	305
Expenses	2	2
Total	**712**	**716**

The Council consists of 63 Members (Councillors) to whom £0.712m was paid in allowances in the year (£0.716m in 2009/10).

35. Officers' Remuneration

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 in 2010/11 was:

2010/11		Remuneration Band	2009/10	
Schools Staff	**Other Staff**		**Schools Staff**	**Other Staff**
-	1	£175,000 - £179,000	-	-
-	-	£170,000 - £174,999	-	-
-	-	£165,000 - £169,999	-	-
-	-	£160,000 - £164,999	-	-
-	-	£155,000 - £159,999	-	-
-	-	£150,000 - £154,999	-	-
-	-	£145,000 - £149,999	-	-
-	-	£140,000 - £144,999	-	-
-	-	£135,000 - £139,999	-	-
-	-	£130,000 - £134,999	-	-
-	-	£125,000 - £129,999	-	1
-	-	£120,000 - £124,999	-	-
-	-	£115,000 - £119,999	-	-
-	2	£110,000 - £114,999	-	-
-	-	£105,000 - £109,999	-	-
-	1 (1)	£100,000 - £104,999	-	-
-	1	£95,000 - £99,999	-	2
-	2 (1)	£90,000 - £94,999	-	1
-	1	£85,000 - £89,999	-	4 (1)
2	4 (1)	£80,000 - £84,999	2	3 (1)
2	-	£75,000 - £79,999	1	5
6	6 (3)	£70,000 - £74,999	3	4
6	5 (1)	£65,000 - £69,999	7	5
17 (1)	15	£60,000 - £64,999	12	12 (1)
14	15 (2)	£55,000 - £59,999	17	8 (1)
13	17 (2)	£50,000 - £54,999	21	17 (2)
60 (1)	**70 (11)**	**Total**	**63 (0)**	**62 (6)**

Note : Leavers in (brackets)

Remuneration includes gross taxable pay, including expenses (chargeable to income tax), plus benefits in kind and compensation payments. It excludes employer's pension contributions.

The above table excludes employees from Academy, Foundation and Voluntary Aided Schools as these staff are not employed by the Council.

Senior Officers Remuneration

The following tables set out the **remuneration** disclosures for Senior Officers (excluding teachers), identified by job title, whose **salary** is:

(i) £150,000 per year or more; or

(ii) less than £150,000 but equal to or more than £50,000 per year and who meet at least one of the following criteria:

- statutory chief officer (per section 2(6) of the Local Government and Housing Act 1989 as amended), e.g. head of paid service, director of children's services, section 151 officer etc.

- a person who has responsibility for the management of the authority, to the extent that the person has power to direct or control the major activities of the authority (in particular activities involving expenditure of money), whether solely or collectively, in accordance with accounting regulations.

Senior Officers Salary 2010/11 Postholder	Note	Salary (incl. fees & allowances)	Bonuses	Expense allowances	Benefits in kind (e.g. Car allowance)	Total remuneration excluding pension contributions 2010/11	Pension contributions	Total remuneration including pension contributions 2010/11
		£000	£000	£000	£000	£000	£000	£000
Chief Executive (Mrs J Callender) *(Head of Paid Service*)	(1)	170	6	0	3	**179**	26	**205**
Deputy Chief Executive/Corporate Director (Prosperity, Planning & Development)	(2)	69	3	0	1	**73**	10	**83**
Deputy Chief Executive/Corporate Director (Transformation & Resources)	(3)	110	2	0	2	**114**	17	**131**
Interim Corporate Director (Children & Young People Service)	(4)	34	1	0	1	**36**	5	**41**
Corporate Director (Children & Young People Service)	(4)	83	0	0	2	**85**	12	**97**
Corporate Director (Communities & Wellbeing)	(5)	108	0	0	2	**110**	16	**126**
Corporate Director (Economic Growth & Prosperity)	(5)	49	0	0	1	**50**	7	**57**
Corporate Director (Environment, Transport & Operations)	(5)	43	0	0	1	**44**	6	**50**
Director of Finance *(Chief Financial Officer)*		92	0	0	2	**94**	14	**108**
Director of Legal & Democratic Services *(Monitoring Officer)*	(6)	55	0	0	2	**57**	8	**65**
Director of Legal & Democratic Services *(Monitoring Officer)*	(6)	9	0	1	1	**11**	1	**12**
Acting Director of Legal & Democratic Services *(Monitoring Officer)*	(6)	16	0	0	1	**17**	0	**17**

Notes :

(1) The annualised salary for the Chief Executive, Mrs J Callender, in 2010/11 was £170,000, the same as in 2009/10. In addition the Chief Executive received fees from the Council of £3,941 as Returning Officer for the 2010 local elections.

(2) The previous Deputy Chief Executive/Corporate Director (Prosperity, Planning & Development) retired on 17 October 2010.

(3) The Corporate Director (Transformation & Resources) was also appointed as Deputy Chief Executive on 1 December 2010.

(4) The Corporate Director (Children & Young People Service) was appointed on 26 July 2010, replacing the Interim Corporate Director who reverted back to the post of Director, Education and Early Years Service with effect from 2 August 2010.

(5) Following a restructure of the Council's Corporate Management Team during 2010/11 three new Corporate Director posts were created as follows : • Communities & Wellbeing • Economic Growth & Prosperity • Environment, Transport & Operations. These replaced the previous posts of Director (Adult Social Services) and Corporate Director (Prosperity, Planning & Development). The Corporate Director (Communities & Wellbeing), previously the Director (Adult Social Services), was appointed on 1 June 2010. The new Corporate Director (Economic Growth & Prosperity) was appointed on 4 October 2010. The new Corporate Director (Environment, Transport & Operations) was appointed on 18 October 2010.
(6) The previous post holder of Director of Legal & Democratic Services left the Council on 30 November 2010. The subsequent post holder, appointed on 1 Feb 2011, left on 6 March 2011. The current acting Director of Legal & Democratic Services was appointed between 1 December and 31 January 2011, and then again from 7 March 2011.
Where individual Senior Officers were 'Acting' or 'Interim' during the year, the amounts shown represent the total remuneration received for the period they were acting in that capacity.

Senior Officers Salary 2009/10 **Postholder**	**Note**	**Salary (incl. fees & allowances)**	**Bonuses**	**Expense allowances**	**Benefits in kind (e.g. Car allowance)**	**Total remuneration excluding pension contributions 2009/10**	**Pension contributions**	**Total remuneration including pension contributions 2009/10**
		£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Chief Executive (Mr D McNulty) *(Head of Paid Service)*	(7)	45	4	0	1	**50**	7	**57**
Chief Executive (Mrs J Callender) *(Head of Paid Service*)	(7)	96	0	0	2	**98**	13	**111**
Deputy Chief Executive/Corporate Director (Prosperity Planning & Development)	(8)	123	3	0	2	**128**	18	**146**
Corporate Director (Children & Young People Service)	(9)	85	3	0	0	**88**	12	**100**
Interim Corporate Director (Children & Young People Service)	(9)	21	0	0	1	**22**	3	**25**
Corporate Director (Transformation & Resources)	(10)	74	0	0	2	**76**	10	**86**
Director (Adult Social Services)	(11)	93	0	0	2	**95**	13	**108**
Director of Finance *(Chief Financial Officer)*		86	0	0	2	**88**	12	**100**
Director of Legal & Democratic Services *(Monitoring Officer)*		77	0	0	2	**79**	11	**90**

Notes :

(7) The annualised salary for the Chief Executive in 2009/10 was £170,000 (2008/09 £147,857). Mrs J Callender was appointed to this post on 7 September 2009 replacing Mr D McNulty who resigned with effect from 12 July 2009.

(8) The previous Deputy Chief Executive/Corporate Director (Prosperity Planning & Development) was appointed as Interim Chief Executive between 13 July 2009 and 6 September 2009.

(9) The holder of the post of Interim Corporate Director (Children & Young People Service) was appointed on 18 January 2010, replacing the Corporate Director who resigned with effect from 31 January 2010.

(10) The holder of the post of Corporate Director (Transformation & Resources) was appointed on 22 June 2009, replacing the previous post holder who resigned with effect from 1 March 2009.

(11) The holder of the post of Director (Adult Social Services) was appointed on 1 August 2009.

Where individual Senior Officers were ‘Acting’ or ‘Interim’ during the year, the amounts shown represent the total remuneration received for the period they were acting in that capacity.

36. External Audit Costs

The Council has incurred the following costs in relation to external audit and inspection:

	2010/11 £000	2009/10 £000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	289	275
Fees payable to the Audit Commission in respect of statutory inspection	0	17
Fees payable to the Audit Commission for the certification of grant claims and returns	46	56
Fees payable in respect of other services provided by the appointed auditor	0	0
Total	**335**	**348**

37. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DFE), the principal grant being the Dedicated Schools Grant (DSG). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2008. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2010/11 are as shown in the table below:-

	Notes	Central Expenditure £000	ISB £000	Total £000
DSG Brought Forward from 2009/10	a.			**236**
Budgeted DSG 2010/11	b.	12,501	126,813	139,314
Overestimate of DSG	c.	(100)		(100)
Effect of schools becoming academies	d.		(2,346)	(2,346)
Revised distribution after Final DSG notification	e.	**12,401**	**124,467**	**136,868**
Actual Central Expenditure		(11,509)		**(11,509)**
Actual ISB deployed to schools			(124,613)	**(124,613)**
Sub-total		**892**	**(146)**	**746**
DSG C/F to 2011/12				**982**

Notes :

a. The DSG Reserve b/f from 2009/10 as reported to Schools Funding Forum.

b. These figures outline how the Council budgeted to spend the DSG as at 1st April 2010.

c. The final DSG is notified by the DFE in June and was £100k less than the budget assumed.

d. The effect of schools becoming academies meant a reduction in DSG offset by reductions in budget shares.

e. The actual DSG received was £136.868m after the effect of academies.

38. Grant Income (Comprehensive Income & Expenditure Statement page 11)

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11:

	2010/11 £000	2009/10 £000
Credited to Taxation and Non Specific Grant Income		
Revenue Grants:		
Revenue Support Grant	8,853	12,904
Area Based Grant	13,856	10,292
Local Area Agreement Reward Grant	1,579	0
Revenue Grants unapplied (REFCUS)	0	211
Planning Delivery Grant	0	107
	24,288	**23,514**
Capital Grants :		
Primary Capital Programme	3,946	571
Schools Devolved Formula Capital Grant	1,700	1,832
Schools Condition and Modernisation	933	928
Surestart	835	618
Schools diploma Funding	373	566
Social Care Grants	229	
Local Area Agreement Reward Grant	677	
Integrated Transport Grant	596	1,050
Playbuilder Schemes	378	520
LDDF Intensive Support and LD Scheme	392	
Other Grants and Contributions	2,436	4,448
Capital Grants Sub-Total	**12,495**	**10,533**
Total Credited to Taxation & Non Specific Grant Income	**36,783**	**34,047**
Credited to services:-		
Dedicated School Grant (DSG)	137,103	134,623
Rent Allowances, Rent Rebates and Council Tax Benefit Subsidy	69,999	64,564
Contribution from NNDR Pool	60,969	55,908
Education Standards Fund	16,858	14,688
Other Education Grants	16,690	17,027
Schools Standards	7,280	7,072
Supporting People (included within ABG in 2010/11)	0	5,432
Early Years Grant	6,177	5,201
Social Care Reform Grant	727	443
Local Authority Business Growth Incentive (LABGI)	0	255
Other	5,075	5,683
Total Credited to Services	**320,878**	**310,896**

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year end are as follows:

	2010/11 £000	2009/10 £000
Capital Grants & Contributions Receipts in Advance:-		
Primary Capital Programme	3,583	2,429
14-19 Diploma Funding	3,488	243
Devolved Formula Capital	2,533	3,379
Basic Need	1,000	
School Travel Plans	75	135
Extended Schools		418
S106 & S278 Contributions	4,223	3,544
Other Grants and Contributions	42	304
Total	**14,944**	**10,452**
Revenue Grants & Contributions Receipts in Advance:-		
BSF One School Pathfinder	20,005	16,247
Altrincham College of Arts – Sixth Form Funding	1,993	
St Ambrose College Contribution	2,140	
S106 Contributions	13,253	12,508
Other Grants and Contributions	80	141
Total	**37,471**	**28,896**

The capital grants and contributions are used to assist in the financing of capital projects. They are carried forward until such time that they are required for specific schemes.

Included in the balance of Capital Grants & Contributions is £17.1m of contributions received from developers, as part of their obligation under Section 106 of the Town & Country Planning Act 1990. The amounts are received as a result of the granting of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The contributions are restricted to being spent only in accordance with the agreement concluded with the developer. The major balances of Section 106 receipts held by the Council during the year were as follows:

	Balance at 1 April 2010 £000	Receivable in year £000	Contributions applied £000	Balance at 31 March 2011 £000
Open Space schemes	1,518	204	(385)	1,337
Affordable Housing schemes	803	5	(452)	356
Highways/Transport schemes	13,621	3,302	(1,551)	15,372
Total	**15,942**	**3,511**	**(2,388)**	**17,065**

39. Related Parties

The Code requires the Council to disclose material transactions with related parties. These are organisations or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government has effective control over the general operations of the Council. Details of transactions with Government departments are set out in the cash flow statement and accompanying notes.

Members of the Council have direct control over the Council's financial and operating policies. All Members' pecuniary interests and non-financial interests which could conflict with those of the Council are available for public inspection. There were no material transactions with any bodies where a Member has a controlling interest in the organisation. Similarly there were no material transactions to disclose with respect to senior officers of the Council.

During the year a number of transactions were made to *other local authorities*. Payments to Tameside MBC in respect of pension contributions are disclosed in the notes to the accounts (note 46) and precept payments are shown in the collection fund accounts.

A levy of £14.378m (£13.682m in 2009/10) was paid to Greater Manchester Integrated Transport Authority and £10.594m (£9.708m in 2009/10) to Greater Manchester Waste Disposal Authority.

The Council no longer provides services directly through its leisure centres. These leisure centres have been leased to Trafford Community Leisure Trust (TCLT) who provide relevant leisure services direct to the public. The Council makes payments to the Trust to help ensure the provision of some services at a discounted rate to particular population demographics of the community. For the year 2010/11 the Council paid £1.260m (£1.260m in 2009/10) to TCLT under a Partnership Delivery Plan agreement. Other than minor ICT maintenance support and CCTV monitoring contracts the Council has no other formal business contracts with the TCLT.

The Council has paid *grants to voluntary organisations* for 2010/11 as follows:

2010 £ amount	**Organisation**	**2011 £ amount**
9,484	Positive Partington Partnership	0
37,338	St. John's Day Centre	20,000
4,506	Sale Charities Management	0
4,852	Relate Greater Manchester South	0
14,160	Trafford Victim Support	0
63,620	Voluntary Community Action Trafford	66,696
38,540	Manchester/Salford/Trafford Groundwork	19,000
11,080	Special Educational Needs Family Support Group	0
2,769	Trafford Law Centre *	0
10,000	Sale Moor Community Partnership	20,000
8,145	North Trafford Sports Fund	0
6,912	Stockdales	13,827
0	United Response in Business Ltd	30,000
0	Trafford Business Awards Sponsorship	2,500
1,688	Carrington Parish Council	1,739
4,704	Dunham Massey Parish Council	4,845
21,385	Partington Town Council	22,027
1,688	Warburton Parish Council	1,739
240,871	**Total Grants**	**202,373**

In 2010/11 grants were paid to those organisations that had been successful in the application process during 2009/10 (as per the agreed 18 month timescale). The Council is currently reviewing how it allocates voluntary sector grants from 2011/12 onwards.

* The Council also agreed additional funding over two years (2009/10 and 2010/11) for Trafford Law Centre (£0.040m) and Trafford United Credit Union Ltd (TUCUL) (£0.050m) as

part of a package to assist the local economy during the recession. The payments made under this agreement in 2010/11 of £0.021m and £0.025m respectively are not included in the table above.

The Council also makes payments to Citizens Advice Trafford for advice services, managed under a Service Level Agreement within Adult Social Services. The payment in 2010/11 was £0.222m (£0.222m in 2009/10). It also provides free accommodation to Citizens Advice Trafford.

40. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be refinanced. The CFR is analysed in the second part of this note.

	2010/11 £000	2009/10 £000
Opening Capital Financing Requirement Capital Investment	**124,114**	**110,518**
Adjustment for PFI Assets		7,133
Property, Plant and Equipment	22,501	20,653
Investment Properties		
Intangible Assets	8	77
Revenue Expenditure Funded from Capital under Statute	14,633	14,002
Sources of finance		
Capital receipts	(3,795)	(1,805)
Government Grants and other Contributions	(24,538)	(21,982)
Sums set aside from revenue:		
Direct revenue contributions	(62)	(106)
MRP/loans fund principal	(4,404)	(4,305)
Other Adjustments	154	(71)
Closing Capital Financing Requirement	**128,611**	**124,114**
Explanations of movement in the year		
Increase in underlying need to borrowing (supported by government financial assistance)		
Increase in underlying need to borrowing (unsupported by government financial assistance)	4,497	6,463
Assets acquired under finance leases		
Assets acquired under PFI/PPP contracts		7,133
Increase/(decrease) in Capital Financing Requirement	**4,497**	**13,596**

This statement shows the amount of capital expenditure during the year and how it was financed.

Year ended 31 March	2009/10 £000	2010/11 £000
Service:		
Children & Young People	14,534	19,698
Communities & Wellbeing	3,659	2,968
Economic Growth & Prosperity	4,413	4,378
Environment, Transport & Operations	11,022	8,524
Transformation and Resources	1,104	1,574
Total	**34,732**	**37,142**
The main items of capital expenditure during the year included:		
Highways Structural Maintenance (incl. bridges & street lighting & S278 schemes)		5,807
Schools - Primary Capital Programme		3,946
Altrincham College of Arts: 6th Form Centre		3,150
Schools – Devolved Formula Capital		2,856
St Ambrose College - Rebuild		2,736
Housing Grants (Disabled Facility, Owner Occupier & Housing Standards Grants)		2,396
Schools - 14-19 Years : Diploma Funding		2,316
Integrated Transport Plan		1,857
Sure Start - Children's Centre & Extended Schools		1,802
Town Centre Redevelopments (Altrincham & Urmston)		1,445
Human Resources / Payroll System (SWiTch)		1,210
Public Buildings – DDA Compliance, Repairs & Refurbishment		1,179
Learning Disabilities – Shawe View Specialist Housing Project		823
Long Term Accommodation Strategy		788
Sure Start – Quality & Access		493
Affordable Housing – Grants to Housing Associations		452
Playbuilder – Improvements to Play Areas		448
Crematorium – EPA Emission Abatement		437
ICT Initiatives		384
Total		**34,525**

The type of capital expenditure in the year and how it was financed was as follows:

	£000		£000
Property, Plant & Equipment	22,509	Borrowing	8,747
Revenue Expenditure Funded from Capital under Statute	14,633	Grants and Contributions	24,538
		Revenue Contributions & Reserves	62
		Capital Receipts	3,795
Total Capital Expenditure on an accruals basis	**37,142**		**37,142**

Provision for Debt Repayment

The Council is required to set aside a minimum revenue provision (MRP) for the redemption of external debt. The annual provision is primarily based on 4% of the opening Capital Financing Requirement. Services are charged depreciation for the use of capital assets that amount to more than the minimum requirement. Therefore an adjustment is made in the Movement in Reserves Statement to the Capital Adjustment Account.

Revenue Expenditure Funded from Capital under Statute
This represents expenditure which is classified as revenue under the Code, but which is permitted to be funded from capital under statute, e.g. capital spending where there is no tangible asset, such as grants awarded for economic development purposes.

These costs were previously charged to the balance sheet and amortised to revenue as a deferred capital charge. As a change in accounting policy, this expenditure, and any offsetting capital grants, is now charged directly to the appropriate service in the Comprehensive Income and Expenditure Statement, with the effect on council tax neutralised by an equivalent compensating entry in the MIRS and Capital Adjustment Account.

The deficit on the Comprehensive Income and Expenditure Statement includes revenue costs of £14.633m under this category, offset by £(13.662)m of Government grants applied. This amounts to a net cost of £0.971m, offset by a corresponding credit entry in the MIRS. These amounts are still treated as capital for control purposes and are hence included in the Capital Expenditure Statement above.

41. Leases

a) Council as Lessee – Finance Leases

The Council does not have any finance lease arrangements.

Operating Leases
The Council has a number of short-term occupation leases (one depot, four offices, two car parks, a day centre, a play area and storage land) under which rental payments are reserved.

Vehicles, Plant, Furniture and Equipment - the Council uses vehicles financed under the terms of an operating lease. The amount charged under these arrangements in 2010/11 was £1,344,572 (£1,391,565 in 2009/10).

Land and Buildings - the Council leases numerous buildings which have been accounted for as operating leases. The rentals payable in 2010/11 were £259,300 (£235,300 in 2009/10).

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2011 £000	31 March 2010 £000
Not later than one year	608	379
Later than one year and not later than five years	3,029	3,433
Later than five years	394	1,206
	4,031	**5,018**

On 1 April 2011 the Council commenced a lease arrangement of property at Quay West for use as temporary accommodation during the rebuild and reconstruction of Trafford Town Hall. The lease is for a term of 5 years at a total annual rent (inclusive of "dilapidations rent") of £479,791.50 and car parking at Warren Bruce Road held for an equivalent term at a peppercorn (NIL) rental. There is a break clause exercisable at 18 months and any day thereafter at 3 months notice. It is expected that the arrangement will last for two years.

Council as Lessor – Finance Leases

The Council does not have any finance lease arrangements.

Operating Leases

The Council leases out property under operating leases for the following purposes:

- to assist organisations in the provision of services in support of the Council's policy objectives in respect of sports facilities, community centres, scout groups, and various third sector charitable and voluntary bodies.
- to generate rental income from assets held for investment.

The rentals receivable in 2010/2011 were £2.16m (£2.28m in 2009/10).

The Council also has seven lease agreements for commercial development schemes under which a "participation" rent is payable to the Council, determined annually by reference to the profitability of the investment asset. These rents are classed as contingent rents and are not included in the minimum lease payments receivable. In 2010/11 these rents were £1.043m (£1.158m in 2009/10). This figure includes rent received by the Council in respect of its joint ownership of Manchester International Airport of £0.4m (£0.42m in 2009/10).

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2011 £000	31 March 2010 £000
Not later than one year	1,161	1,119
Later than one year and not later than five years	3,909	3,979
Later than five years	76,726	77,607
	81,796	**82,705**

42. PFI and Similar Contracts

The Council occupies premises at Sale Waterside under a PFI arrangement. Annual rental payments are made to the private sector provider, Cofely GDF-Suez, and are partially offset by PFI grant from the Government.

The PFI grant received from DCLG is £0.658m per annum, over 25 years. This income is included within the accommodation charges in the Net Cost of Services.

Under such arrangements the responsibility for operating the facilities rests with our private sector partner. A number of surplus assets were transferred to the private sector partner at the commencement of the scheme in 2003, the value of which contributed to a reduction in the annual Unitary Service Payment to Cofely GDF-Suez.

Cofely GDF-Suez can sell its interest to another company who can then negotiate a new contract with the Council.

An analysis of the payments due under the contract is shown in the table below. As all the payments under PFI & Similar contracts are linked in full or in part to the Retail Price Index, the figures below are estimates of the cash amounts that will be paid. Lifecycle replacement costs have been included in the Service charges element.

	Payment for services	**Reimbursement of Capital Expenditure**	**Interest**	**Total**
	£000	**£000**	**£000**	**£000**
Payable in 2011/12	607	153	441	**1,201**
Payable within two to five years	3,323	925	2,046	**6,294**
Payable within six to ten years	3,850	1,264	1,707	**6,821**
Payable within eleven to fifteen years	4,447	1,727	1,244	**7,418**
Payable within sixteen to twenty years etc	1,489	2,786	332	**4,607**
Total	**13,716**	**6,855**	**5,770**	**26,341**

Note – the amounts above are based on the PFI contractors financial model. The actual amount paid can vary as a result of availability and performance deductions.

The estimated value of the remaining PFI payments is £26m. At the end of the initial period, the Council will have a number of courses of action available to it:

- walk away from the contract;
- take control of the facilities and purchase the building for a payment of £0.750m;
- negotiate with Cofely GDF-Suez for an extension to the contract.

The liability outstanding to pay the liability to the contractor for capital expenditure is as follows:

	2010/11	**2009/10**
	£000	**£000**
Balance outstanding as at start of year	6,998	7,133
Payments during the year	(143)	(135)
Capital expenditure incurred in the year	0	0
Balance outstanding at year-end	**6,855**	**6,998**
Split on Balance Sheet (see also note 21):		
Short term liability (creditor)	153	143
Long term liability – deferred	6,702	6,855

43. Impairment Losses

These are disclosed in notes 12 to 14. There are no impairment losses of note to report.

44. Capitalisation of Borrowing Costs

The Council has not capitalised any borrowing costs in the accounting periods reported.

45. Termination Benefits

The Council has terminated the contracts of a number of employees in 2010/11. These are included in the Comprehensive Income and Expenditure Statement as paid, or accrued where appropriate. Provision has been made for outstanding payments to employees where agreed but subject to final payment.

46. Pension Schemes Accounted for as Defined Contribution Schemes

Pension costs included in the Income & Expenditure Account

Teachers

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education (DfE). It provides teachers with defined benefits upon their retirement, and the Council contributes towards the cost by making contributions based on a percentage of members' pensionable salaries.

In 2010/11 the Council paid £10.620m (£10.527m in 2009/10) in respect of teachers' retirement benefits. This was based on 14.1% of the teachers' pensionable pay (14.1% in 2009/10).

The scheme is a defined benefit scheme. Although the scheme is unfunded, Teachers' Pensions use a notional fund as the basis for calculating the employers' contribution rate paid by the local education authority. However, it is not possible to identify each authority's share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In addition, the Council is responsible for added years which it has awarded to teachers at its discretion, together with the related annual increases. In 2010/11, these amounted to £1.359m, representing 1.80% of pensionable pay (£1.370m or 1.83% previously). These benefits are fully accrued in the pension liability described below.

Other Employees

The majority of other employees of the Council participate in the Greater Manchester Pension Fund administered by Tameside Metropolitan Borough Council. The scheme provides its members with defined benefits relating to pay and service.

The actual contribution rates to maintain the solvency of the fund vary by employing authority, reflecting the differing profiles of members, and are phased in over the three years the actuarial valuation relates to. The Council's employer's contribution rate was 14.9% in 2010/11 and will be 15.9% in 2011/12. In 2010/11, the Council paid an employer's contribution of £12.838m (£11.992m in 2009/10) into the Greater Manchester Pension Fund, representing 14.9% of pensionable pay (14.0% in 2009/10). The Council is also responsible for pension payments relating to the award of added years, together with related increases. In 2010/11 these amounted to £0.987m, which is 1.1% of pensionable pay (£1.006m or 1.2% in 2009/10).

Further information regarding the Pension Fund and its accounts can be obtained from the Director of Finance, Tameside MBC (Telephone number 0161 342 3862).

47. Defined Benefit Pension Schemes

Participation in Pensions Schemes
As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post employment schemes:

- the Local Government Pension Scheme, administered by Tameside Metropolitan Borough Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into the Greater Manchester Pension Fund, calculated at a level intended to balance the pension liabilities with investment assets.
- the Council is also responsible for added years' benefits paid to teachers who are members of the Teachers' Pension Scheme, administered nationally by the Teachers' Pension Agency.

Transactions Relating to Retirement benefits
The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme £000		Discretionary Benefits Arrangements £000	
	2010/11	2009/10	2010/11	2009/10
Comprehensive Income and Expenditure Statement				
Cost of Services:				
▪ current service cost	17,600	8,900		
▪ past service costs*	(62,500)	100	(1,200)	0
▪ settlements and curtailments	900	200		
Financing and Investment Income and Expenditure				
▪ interest cost	33,900	27,300	1,200	1,200
▪ expected return on scheme assets	(29,200)	(19,600)		
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(39,300)	16,900	0	1,200
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement				
▪ actuarial gains and losses	0	0	0	0
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(39,300)	16,900	0	1,200
Movement in Reserve Statement				
▪ reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	52,216	(3,851)	2,370	170
Actual amount charged against the General Fund Balance for pensions in the year:				
▪ employers' contributions payable to scheme	12,916	13,049		
▪ retirement benefits payable to pensioners			2,370	1,370

* In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

This has the effect of reducing Trafford Council's liabilities in the Tameside Pension Fund by £62.6m and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement. This is included in Non distributed Costs within the Comprehensive Income and Expenditure Statement. There is no impact upon the General Fund.

In addition to the recognised gains and losses included in the Surplus or Deficit in Provision of Services in the Comprehensive Income and Expenditure Statement, actuarial gains of £(94.3)m (loss of £152.4m in 2009/10) are included in Other Comprehensive Income and Expenditure. The cumulative amount of actuarial gains and losses in the STRGL is a loss of £88.4m.

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value to the scheme liabilities (defined benefit obligation):

	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Discretionary Benefits	
	2010/11	**2009/10**	**2010/11**	**2009/10**
	£000	**£000**	**£000**	**£000**
Opening balance at 1 April	**(661,900)**	**(396,400)**	**(22,700)**	**(18,200)**
Current service cost	(17,600)	(8,900)		
Interest cost	(33,900)	(27,300)		
Contributions by scheme participants	(5,600)	(5,500)	(1,200)	(1,200)
Actuarial gains and losses	100,600	(239,700)	1,700	(4,700)
Benefits paid	18,900	16,200	1,400	1,400
Past service costs	62,500	(100)	1,200	
Entity combinations				
Curtailments	(900)	(200)		
Settlements				
Closing balance at 31 March	**(537,900)**	**(661,900)**	**(19,600)**	**(22,700)**

Reconciliation of fair value of the scheme (plan) assets:

	Local Government Pension Scheme	
	2010/11	**2009/10**
	£000	**£000**
Opening balance as at 1 April	**423,700**	**309,800**
Expected rate of return	29,200	19,600
Actuarial gains and losses	(8,000)	92,000
Employer contributions	13,000	12,100
Contributions by scheme participants	5,600	5,500
Benefits paid	(17,900)	(15,300)
Entity combinations	0	0
Settlements	0	0
Closing balance as at 31 March	**445,600**	**423,700**

Scheme History

	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000
Present value of liabilities:					
Local Government Pension Scheme	(449,200)	(402,000)	(396,400)	(661,900)	(537,900)
Discretionary Benefits	(18,600)	(18,900)	(18,200)	(22,700)	(19,600)
Fair value of assets in the Local Government Pension Scheme	**386,500**	**372,400**	**309,800**	**423,700**	**445,600**
Surplus/(deficit) in the scheme:					
Local Government Pension Scheme	(62,700)	(29,600)	(86,600)	(238,200)	(92,300)
Discretionary Benefits	(18,600)	(18,900)	(18,200)	(22,700)	(19,600)
Total	**(81,300)**	**(48,500)**	**(104,800)**	**(260,900)**	**(111,900)**

Basis for Estimating Assets and Liabilities

	Local Government Pension Scheme		Unfunded Liabilities: Discretionary Benefits	
	2010/11	**2009/10**	**2010/11**	**2009/10**
Long-term expected rate of return on assets in the scheme:				
Equity Investments				
Bonds	7.5%	7.8%		
Other	4.9%	5.0%		
Property	5.5%	5.8%		
Cash	4.6%	4.8%		
Mortality assumptions:				
Longevity at 65 for pensioners:				
▪ Men	20.1 years	20.8 years	20.1 years	20.8 years
▪ Women	22.9 years	24.1 years	22.9 years	24.1 years
Longevity at 65 for future pensioners:				
▪ Men	22.5 years	22.8 years		
▪ Women	25.0 years	26.2 years		
Rate of inflation	2.8%	3.8%	2.8%	3.8%
Rate on increase in salaries	4.3%	5.3%		
Rate of increase in pensions	2.8%	3.8%	2.8%	3.8%
Rate for discounting scheme liabilities	5.5%	5.5%	5.5%	5.5%
Take-up of option to convert annual pension into retirement lump sum:				
▪ Pre-April 2008 service	50%	50%		
▪ Post-April 2008 service	75%	75%		

The Council has no assets or liabilities in relation to the Teachers Pension Scheme. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the following categories, by proportion of the total assets held:

	31 March 2011	31 March 2010
	%	**%**
Equity investments	66%	67%
Debt Instruments	17%	16%
Property	5%	6%
Cash	12%	11%
	100%	**100%**

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2006/07 to 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2007 to 2011:

	2006/07	2007/08	2008/09	2009/10	2010/11
	%	**%**	**%**	**%**	**%**
Differences between the expected and actual return on assets	0.6	(11.0)	(29.0)	21.7	(1.8)
Experience gains and losses on liabilities	(0.1)	(0.0)	0.0	(0.0)	(6.4)

Summary

The overall Pension deficit at 31 March 2011 in the Balance Sheet is £112.1m, which is comprised of £92.2m GM Pension Fund and £19.6m in respect of unfunded teachers. This is £0.2m higher than the actuarial report figures above as the actuary requires information to be provided in advance of the final year end position.

48. Contingent Liabilities

(a) Municipal Mutual Insurance

In January 1994 the Council's former insurer, Municipal Mutual Insurance, made a scheme of agreement with its creditors. Under this scheme, claims are initially paid out in full, but if the eventual winding up of the company results in insufficient assets to meet all liabilities a clawback clause will be triggered which could affect claims already paid. As at 31 March 2010 £1.884m of claims had already been paid with outstanding claims estimated at £0.118m.

The current estimated potential liability is £1.834m.

A recent Court of Appeal judgement in Employers Liability Policy Trigger litigation could have an impact on future claims but the decision is being referred to the Supreme Court. Until this is resolved no provision has been made in the accounts but this situation will be monitored and in the event it becomes likely that the liability will be called upon then this will be met from the insurance reserve.

(b) Manchester Airport

The Council has made loans to Manchester Airport plc as disclosed in the long term debtors note. In 2009/10 these loans, which were previously secured, were restructured. The loans are no longer secured but to compensate the Council receives a higher rate of interest. A reserve is being built up to cover any potential losses on this agreement, up to the point at which all the loans have matured in 2055.

(c) Modesole Ltd

The Council's shares in Modesole were sold on 26 March 2010 to Destination Manchester Ltd. Under the Share Purchase Agreement the Council is entitled to additional payment if the shares are sold on at a profit before 29 July 2015. In addition, the Council is covenanted to pay a percentage of losses, should they occur, associated with the Midland Hotel purchase. This liability is capped at £1,016,716 and expires on 29 July 2015, unless notice of any claim has been given by that date.

(d) Trafford Housing Trust

A number of warranties were provided to the Trafford Housing Trust (THT) and related stakeholders as a consequence of the housing stock transfer agreement entered into on 14 March 2005.

A brief summary of the salient points of the major warranties follows – complete details are available from the Head of Legal and Democratic Services.

i) TUPE Warranty; the Council has indemnified THT against any liability arising from employment matters that had started or originated before the transfer date relating to staff who transferred under the TUPE regulations. It is likely that the risk of this warranty will diminish quickly with time, and no liabilities have so far been reported.

ii) Warranties of Truth; the Council has made a number of statements and assertions within the transfer agreement, such as land ownership, value of assets, and the right to exercise certain legal powers. The Council has indemnified THT against any liability should any of those statements prove to be untrue. This risk will also diminish, but over a much longer time frame.

iii) Pension Fund Guarantor; The Council has underwritten any outstanding pension liability to the Pensions Authority for staff transferring under the TUPE regulations to THT, should THT be unable to meet those liabilities. To mitigate this risk THT has taken out a £3.5m bond, which can only be accessed with the permission of the Council. The liability and the level of bond will be actuarially assessed every five years.

iv) Unadopted Drains; The Council has indemnified THT for maintenance and repair works relating to unadopted drainage systems. Should a liability arise it is likely to be of small amounts and will be paid out of the Council's revenue budget in the year of occurrence.

v) Street Lighting on unadopted roads; a joint survey will be undertaken to identify the condition of street lighting on unadopted roads was not undertaken. On completion of this the Council will pay to THT, as a capital lump sum, the estimated repair and maintenance costs of such street lighting for a 30 year period above a total of £85,000. Although no payment is anticipated to be made, any such sum will come from either capital or revenue sources in later years.

vi) Windows; the Council has indemnified THT against any repair or replacement works necessary on certain buildings in relation to windows to a maximum liability of £300,000 and for a maximum period of 5 years. Any payment necessary will be charged against revenue or capital sources in the year the liability arises.

vii) Outstanding works; the Council retains liability for £187.7m worth of qualifying works to bring the housing stock to standard. However, the Council has engaged THT as their agent to undertake these works and has paid THT up front in that the cost of the transfer was reduced by that amount.

viii) There are a number of Environmental warranties that the Council in aggregate has indemnified THT up to £90m, and an unlimited indemnification to THT's funders, the Prudential Trustee Company Ltd. The risk of these warranties is partially off-set by expected VAT receipts from the works done by THT on the Council's behalf (see above) over ten years amounting to £21m. The liabilities and risks of the warranties will be kept under constant review, and monies put aside from the VAT receipts as appropriate.

ix) The expected VAT Receipts of £21m (see above) are contingent to works being carried out under the Development Agreement agreed with THT on the date of stock transfer. A total of £14.5m has been received to date leaving £7m due to the Council as a contingent asset.

x) Asbestos; The Council has given THT a 30 year indemnification against any cost of works arising from asbestos above an excess in any one year of £308,500. This is a rolling excess in that should any excess in one year be unused, it will roll over into the next financial year.

xi) Pollution and Contaminated Land;

The Council has extended a 30 year indemnification for any pollution clear up on land transferred where the pollution occurred before the transfer date.

(e) Timperley Sports Club

The Council has a lease agreement with Timperley Sports Club for an artificial sports pitch which was previously the responsibility of the Council. Under the terms of the agreement the Council, as landlord, agreed to make an initial capital payment towards the improvement costs of the current pitch of £0.080m, £0.020m and £0.020m on 31 March 2006, 2007 and 2008 respectively.

In acknowledgement of the Tenant's repair obligations in respect of the pitch, a further sum of £0.100m (index linked from the date of the agreement) is due to be paid on 31 March 2016 by the Council. Amounts have been already been set aside and further amounts will continue to be set aside annually up to 2016, to cover this liability.

In the event that the Club constructs a further replacement full size sports pitch with artificial turf or other artificial playing surface at any time during the demised term after 2016 and has given not less than 6 months notice to the Landlord of the proposed timetable for construction of such new pitch, the Landlord undertakes to pay to the Club (within 28 days after the construction of such pitch and all lighting and ancillary services and access has been practically completed to the reasonable satisfaction of an independent chartered surveyor) £250,000 indexed from the date

hereof until the date of payment. The obligation to make the payment under this Clause shall not arise earlier than 1 April 2018.

(f) Synthetic Pitches

Amounts have been set aside for the replacement of synthetic sports pitches at four schools.

(g) Translinc

The Council no longer operates vehicle fleet management directly having undertaken a contract during 2007/08 for supply of vehicles and maintenance thereof with a private company. Existing Council staff were transferred under the TUPE regulations, and minor warranties in relation to those staff have been provided to the contractor, Translinc.

(h) Equal Pay

As a consequence of Equal Pay legislation and the National Single Status Agreement of 1997, the Council embarked on a Job Evaluation project to ensure that employees receive equal pay for equal work.

A new pay structure, terms and conditions were approved by Council on 29 April 2009, with the pay structure coming into effect on 1 January 2009. An accrual for back-pay was made in the 2008/09 financial year and the costs of fully implementing the pay line and new terms and conditions have been included in the Council's medium term financial plan.

Some employees have made equal pay claims against the Council, and the potential cost to the Council has been provided for in terms of a provision (note 22), and the costs of defending those claims has been provided for in a reserve (note 23).

The Council has taken legal advice and implemented a number of measures to prevent claims arising. However, this area of law is relatively untested and it is possible that future claims could be received once the law is clarified.

(i) Metrolink

Phase 3a: The Association of Greater Manchester Authorities (AGMA), the Greater Manchester Integrated Transport Authority and Passenger Transport Executive and the Department for Transport (DFT) for Metrolink phase 3a have entered into a partnership funding approach.

Within the agreement the DFT contribution is capped at £244m in cash and the PTA/E and the AGMA authorities are jointly and severally responsible for meeting all costs over and above that sum on the strict understanding that the scope of the scheme granted full approval is delivered. Scheme opening is programmed for winter 2012.

Phase 3b: The Greater Manchester Transport Fund Accelerated Package includes the Metrolink Phase 3b extension from Droylsden to Ashton-under-Lyne. The Association of Greater Manchester Authorities reported total cost at £88m in September 2009. Scheme opening date is programmed winter 2013.

(j) Value Added Tax Voluntary Disclosure Claims

Along with most local authorities, the Council submitted claims to HM Revenue and Customs for the repayment of overpaid VAT following the decision given in the case of *Michael Fleming (t/a Bodycraft) V. HMRC*. Claims of £2.395m were paid in 2009/10 and a further £0.865m in 2010/11, including interest. At 31 March 2011 there were outstanding claims with respect to sports coaching, and these have been subsequently settled and paid, at a total of £1.182m including interest.

(k) Section 106 Agreements

A number of agreements in accordance with Section 106 of the Town and Country Planning Act 1990 exist between the Council and developers associated with the

planning conditions attached to new developments. In respect of contributions received to date, should the conditions in the agreement not be met by the Council then amounts would become repayable to developers. Should developments proceed then the estimated value of contributions the Council will receive is £13.4m.

(m) Pooled funds

The Council operates pooled budget arrangements with Trafford Primary Care Trust, as detailed in note 33. There is a total deficit on the pooled budgets at 31 March 2011 of £0.760m, of which the Council's share is £0.433m. The pooled budgets are planned to be balanced over the medium term.

49. Contingent Assets

The Council has contingent assets in relation to Modesole Ltd. (note 48 (c)), Trafford Housing Trust (note 48 (d) ix)) and Section 106 Agreements (note 48 (k)).

50. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework based on in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its Financial Procedure rules;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
    - The Council's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures to the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported semi-annually to Members.

The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically

The annual treasury management strategy which incorporates the policies to be adopted covering both debt and investments together with the prudential indicators for 2010/11 was approved by Council on 24 February 2010 and is available on the Council website. A summary of the policies and key indicators together with the actual outcomes are shown in the tables below;

	Approved policy	**Activity undertaken**
Debt	Take up of new debt be postponed or taken up in accordance with information obtained from the Council's advisors.	No additional debt was taken in 2010/11 apart from the £20m of market debt for which the terms and conditions were agreed in February 2010 for take up in February 2011.
	Debt restructuring exercises to be undertaken which produce revenue savings.	No opportunities were presented for significant revenue savings to be obtained.
Investment	All investments placed in the continuation of previous year's practice of Security, Liquidity & Yield.	This was fully complied with.
	In compliance with CLG Investment Guidance the maximum amount of investments which could be placed in Non specified investments was set at £50m.	This limit was not exceeded and at 31 March 2011 consisted of an investment of £2m placed with another Local Authority and £10.2m for Manchester International Airport shares which are not tradable in any market.

Prudential indicators	2010/11 Actual	2010/11 Indicator set by Council (max)
Authorised Borrowing Limit (This is the maximum level of external debt & other long term liabilities (PFI) that the Council will require and covers all potential requirements).	£108m	£190m
Operational Boundary (This is the maximum level of external debt & other long term liabilities (PFI) that the Council will require and covers all potential requirements).	£108m	£185m
Upper limits on fixed interest rates (This shows the maximum limit of costs that will be incurred on fixed interest rate debt less the amount of investment interest from investments.)	£3.3m	£6.1m
Upper limits on variable interest rates (As above but for variable rate debt and investments.)	£1.1m	£1.8m
Maturity structure of fixed rate borrowing (These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.)		
Under 1 year	0.2%	25%
1 year to 2 years	0.3%	25%
2 years to 5 years	7.2%	50%
5 years to 10 years	15.3%	75%
10 years to 20 years	10.9%	75%
20 years to 30 years	20.6%	75%
30 years to 40 years	15.8%	75%
40 years and above	29.7%	75%
Maximum principal funds invested exceeding 364 days excluding MIA shares with a value of £10.2m (These limits are set to reduce the need for early sale of an investment, and are based on the availability of investments after each year-end.)	£2.0m	£50.0m

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy which is incorporated within the annual treasury management strategy and this stipulates that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also imposes a maximum amount and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined below;

Financial Asset Category	Criteria	Maximum investment	Maximum period
Banks & Building Societies	Short Term: F1	£15m	3 Years
	Long Term: AA		
	Financial Strength: C		
	Support: 3		
Banks & Building Societies	Short Term: F1	£5m	1 Year
	Long Term: A-		
	Financial Strength: C		
	Support: 3		
Money Market Funds & Debt Management Office	AAA	£10m	1 Year
UK Government including Local Authorities	N/A	£15m	3 Years
Guaranteed Organisations	N/A	£10m	In accordance with each individual Government Guarantee
Bank or Building Society which is an Eligible Institution for the HM Treasury Credit Guarantee Scheme.	Short Term: F1	£10m	1 Year
	Long Term: A-		

The following analysis summarises the Council's potential maximum exposure to credit risk. The table below (combines default ratings from Fitch, Standard & Poors and Moody's) based on global corporate finance average cumulative default rates (including financial organisations) for the period 1990 to 2009. Defaults shown are by long term rating category on investments out to 1 year, which were the most commonly held investments during 2010/11.

Deposits with banks and financial institutions	**Amount at 31 March 2011** **£000**	**Historical experience of default*** **%**	**Adjustment for market conditions at 31 March 2011** **%**	**Estimated maximum exposure to default** **£000**
AAA rated counterparties	28,335	0.000%	0.000%	0
AA rated counterparties	48,500	0.03%	0.03%	15
A rated counterparties	3,200	0.08%	0.08%	3
Trade debtors *	4,434	*	*	3,037
Total	**84,469**			**3,055**

* The estimated maximum exposure to default for trade debtors of £3m is based on the gross debt raised rather than debt outstanding at one particular date. There is no adjustment to be made for market conditions from the balance sheet date of 31 March 2011.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £18k cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2011 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of it's counterparties in relation to its investments.
Whilst the current credit crisis in international markets has raised the overall possibility of default the Council maintains strict credit criteria for investment counterparties.

All the Council's deposits are made through the London Money markets and the allocation of investments between institutions domiciled in foreign countries were as follows:

		31 March 2011 £000s	**%**
UK	UK	71,735	90%
Non-EU	United Arab Emirates	5,000	6%
Non-EU	Singapore	3,300	4%
	Total	80,035	100%

The Council does not generally allow credit for its trade debtors, such that £4m of the £84m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2011	**31 March 2010**
	£000s	**£000s**
Less than one year	2,204	3,525
More than one year	2,230	2,568
	4,434	6,093

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and for longer term funds these can be accessed from both the PWLB and Money Markets. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities based on the original principal borrowed is as follows:

	31 March 2011	**31 March 2010**
	£000	**£000**
Under 1 year	247	1,436
1 year to 2 years	273	247
2 years to 5 years	7,249	5,753
5 years to 10 years	15,449	13,998
10 years to 20 years	10,978	14,198
20 years to 30 years	20,795	20,795
30 years to 40 years	16,000	16,000
40 years and above	30,000	10,000
	100,991	**82,427**

The maturity analysis of financial assets based on the original principal lent is as follows:

	31 March 2011	**31 March 2010**
	£000	**£000**
Less than one year	78,035	46,190
Between one and two years	2,000	0
Between two and three years	0	0
More than three years	0	0
	80,035	**46,190**

All trade and other payables are due to be paid in less than one year and trade debtors of £4.4m are not shown in the table above.

Market Risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favorable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

If all interest rates had been 1% higher with all other variables held constant, the financial effect would be calculated as follows:

	£000
Increase in interest receivable on variable rate investments	(213)
Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income & Expenditure Statement)	12,580

The Council's loans are all held at fixed rates of interest and consequently a movement in interest rates of +/-1% would have no impact on its financial resources.

Price risk - The Council, excluding the pension fund, does not invest in equity shares but does have shareholdings to the value of £10.2m in Manchester International Airport.

Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

51. Trust Funds

The Council administers a number of Trust Funds. The values of these funds, which are not included in the Balance Sheet, were £0.471m at 31 March 2011 and are listed below.

Value of Fund £ 31.03.10		Value of Fund £ 31.03.11
1,919	J Birkhead Trust Fund	1,923
386,071	Del Panno Trust	382,271
18,311	Miss Muckley Dec'd Legacy	18,311
38,888	Clifford Wilcox	39,222
445,189	**Sub-total**	**441,727**
29,267	Monies held in Criminal Injuries Compensation Scheme Trust	29,471
474,456	**Total monies held in Trusts**	**471,198**

impact of the adoption of international financial reporting standards

The statement of accounts for 2010/11 is the first to be prepared on the IFRS basis. Adoption of the IFRS-based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10. An explanation of the differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 201/11 financial statements is set out in the following tables and notes that accompany the tables.

1. Reconciliation of net worth reported under previous GAAP to net worth under IFRS at the date of transition to IFRS (1 April 2009)

Restated Balance Sheet at 1 April 2009

		Effect of Transition to IFRS				
	Previous GAAP 1 April 2009	Absences (1)	Non Current Assets (2)	Grants (3)	Other (4)	**IFRS 1 April 2009**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Property Plant & Equipment	418,875		(820)			418,055
Investment Property	31,328		145			31,473
Intangibles	1,205					1,205
Assets Held for Sale	0					0
Long term investments	10,214					10,214
Long term Debtors	10,846					10,846
Long Term Assets	**472,468**	**0**	**(675)**	**0**	**0**	**471,793**
Short Term investments	48,358				(3,001)	45,357
Assets Held for Sale	0		675			675
Inventories	484					484
Short term debtors	34,125					34,125
Cash & Cash Equivalents	11,928				3,001	14,929
Current Assets	**94,894**	**0**	**675**	**0**	**0**	**95,569**
Bank Overdraft	0					0
Short term borrowing	(1,180)					(1,180)
Short term creditors	(36,400)	(4,813)		90		(41,123)
Total Short Term Creditors	**(37,580)**	**(4,813)**		**90**		**(42,303)**
Provisions less than 1 year	0				(1,747)	(1,747)
Liabilities in disposal groups	0					0
Current Liabilities	**(37,580)**	**(4,813)**	**0**	**90**	**(1,747)**	**(44,050)**
Long term creditors	(35)					(35)
Government Grants Deferred	(52,883)			52,883		0
Provisions	(11,228)				1,747	(9,481)
Long Term borrowing	(83,369)					(83,369)
Capital Grants & Contrib'ns unapplied	(38,991)			35,484		(3,507)
Revenue Grants & Contrib'ns unapplied	0			(33,172)		(33,172)
Other long term liabilities - Pensions	(104,942)					(104,942)
Other long term liabilities - Deferred	(10,237)					(10,237)
Total Long term liabilities	**(301,684)**	**0**	**0**	**55,195**	**1,747**	**(244,743)**
Net Assets	**228,098**	**(4,813)**	**0**	**55,285**	**0**	**278,569**

Restated Balance Sheet at 1 April 2009 (continued)

	Previous GAAP 1 April 2009	Effect of Transition to IFRS				IFRS 1 April 2009
		Absences (1)	Non Current Assets (2)	Grants (3)	Other (4)	
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Represented by:						
- General Fund Balance	(7,293)					(7,293)
- Schools Reserves	(11,389)					(11,389)
- MIA Holding account	(5,702)					(5,702)
- Earmarked Reserves	(18,491)			(90)		(18,581)
- Housing Major Repairs	(107)					(107)
- Capital Receipts reserve	(8,813)					(8,813)
- Revenue Grants Unapplied (REFCUS)	0			(342)		(342)
- Capital Grants Unapplied	0			(1,970)		(1,970)
Total Usable Reserves	**(51,794)**	**0**	**0**	**(2,402)**	**0**	**(54,196)**
- Revaluation Reserve	(23,178)					(23,178)
- Capital Adjustment Account	(264,904)			(52,883)		(317,787)
- Available for Sale Fin Inst Reserve	0					0
- Financial Instruments Adj. Account	7,037					7,037
- Accumulated Absences Account	0	4,813				4,813
- Collection Fund	(1,121)					(1,121)
- Equal Pay Adjustment Account	921					921
- Pensions	104,942					104,942
Total Unusable Reserves	**(176,304)**	**4,813**	**0**	**(52,883)**	**0**	**(224,373)**
Total Reserves	**(228,098)**	**4,813**	**0**	**(55,285)**	**0**	**(278,569)**

2. Reconciliation of net worth reported under previous GAAP to net worth under IFRS at the end of the latest period presented in the most recent financial statements under previous GAAP (31 March 2010)

Restated Balance Sheet at 31 March 2010

	Previous GAAP 31 March 2010	Effect of Transition to IFRS: Absences (1)	Non Current Assets (2)	Grants (3)	Other (4)	IFRS 31 March 2010
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Property Plant & Equipment	428,796		(3,415)			425,381
Investment Property	27,556		144			27,700
Intangibles	1,216		(1)			1,215
Assets Held for Sale	0					0
Long term investments	10,214					10,214
Long term Debtors	12,252					12,252
Long Term Assets	**480,035**	**0**	**(3,272)**	**0**	**0**	**476,763**
Short Term investments	46,248				(23,204)	23,044
Assets Held for Sale	0		3,272			3,272
Inventories	443					443
Short term debtors	40,522					40,522
Cash & Cash Equivalents	11,808				23,204	35,012
Current Assets	**99,021**	**0**	**3,272**	**0**	**0**	**102,293**
Bank Overdraft	0					0
Short term borrowing	(2,388)					(2,388)
Short term creditors	(40,046)	(4,944)		837		(44,153)
Total Short Term Creditors	**(42,434)**	**(4,944)**		**837**		**(46,541)**
Provisions less than 1 year	0				(947)	(947)
Liabilities in disposal groups	0					0
Current Liabilities	**(42,434)**	**(4,944)**	**0**	**837**	**(947)**	**(47,488)**
Long term creditors	(35)					(35)
Government Grants Deferred	(60,095)			60,095		0
Provisions	(7,225)				947	(6,278)
Long Term borrowing	(81,924)					(81,924)
Capital Grants & Contrib'ns unapplied	(43,659)			33,206		(10,453)
Revenue Grants & Contrib'ns unapplied	0			(28,896)		(28,896)
Other long term liabilities - Pensions	(261,023)					(261,023)
Other long term liabilities - Deferred	(11,293)					(11,293)
Total Long term liabilities	**(465,253)**	**0**	**0**	**64,405**	**947**	**(399,901)**
Net Assets	**71,369**	**(4,944)**	**0**	**65,242**	**0**	**131,666**

Restated Balance Sheet at 31 March 2010 (continued)

	Previous GAAP 31 March 2010 £000s	Effect of Transition to IFRS: Absences (1) £000s	Non Current Assets (2) £000s	Grants (3) £000s	Other (4) £000s	IFRS 31 March 2010 £000s
Represented by:						
- General Fund Balance	(8,345)					(8,345)
- Schools Reserves	(13,406)					(13,406)
- MIA Holding account	(5,702)					(5,702)
- Earmarked Reserves	(20,310)			(837)		(21,147)
- Housing Major Repairs	0					0
- Capital Receipts reserve	(10,955)					(10,955)
- Revenue Grants Unapplied (REFCUS)	0			(553)		(553)
- Capital Grants Unapplied	0			(3,756)		(3,756)
Total Usable Reserves	**(58,718)**	**0**	**0**	**(5,146)**	**0**	**(63,864)**
- Revaluation Reserve	(30,829)				2,011	(28,818)
- Capital Adjustment Account	(249,661)			(60,095)	(2,011)	(311,767)
- Available for Sale Fin Inst Reserve	0					0
- Financial Instruments Adj. Account	6,818					6,818
- Accumulated Absences Account	0	4,944				4,944
- Collection Fund	(716)					(716)
- Equal Pay Adjustment Account	715					715
- Pensions	261,023					261,023
Total Unusable Reserves	**(12,651)**	**4,944**	**0**	**(60,095)**	**0**	**(67,802)**
Total Reserves	**(71,369)**	**4,944**	**0**	**(65,241)**	**0**	**(131,666)**

3. **Reconciliation to total comprehensive income and expenditure under IFRS for the latest period in the most recent annual financial statements (year ended 31 March 2010)**

	2009/10	**Effect of Transition to IFRS**			**2009/10**
	Previous GAAP £000s	Absences (1) **£000s**	Grants (3) **£000s**	Other (4) **£000s**	**IFRS £000s**
Gross Expenditure, gross income and net expenditure of continuing operations					
Central Services to the Public	2,746	2	96		2,844
Cultural, Environmental, Regulatory & Planning Services	41,976		171	(8,432)	33,715
Education and Children Services	37,596	116	667	(1,242)	37,138
Highways and Transport Services	23,206		378	(13,682)	9,902
Housing Services	2,423		107		2,530
Adult Social Care	56,709	13	(631)		56,091
Exceptional Item - VAT Refund	(2,310)				(2,310)
Corporate and Democratic Core	5,157				5,157
Non distributed costs	2,853				2,853
Cost of Services	**170,356**	**131**	**788**	**(23,356)**	**147,919**
Other Operating Expenditure	(3,001)			23,514	20,513
Financing & Investment Income & Expenditure	11,617			(3,411)	8,206
Taxation & Non Specific Grant Income	(165,278)		(10,744)		(176,022)
(Surplus)/Deficit on Provision of Services	**13,693**	**131**	**(9,956)**	**(3,253)**	**616**
(Surplus)/Deficit on revaluation of non-current assets	(9,453)			2,011	(7,442)
(Surplus)/Deficit on revaluation of available for sale	0				0
Actuarial (gains)/losses on pension assets/liabilities	152,400				152,400
Other Comprehensive Income & Expenditure	**142,947**	**0**	**0**	**2,011**	**144,958**
Total Comprehensive Income & Expenditure	**156,640**	**131**	**(9,956)**	**(1,242)**	**145,574**

4. **Reconciliation to total cash flow statement under IFRS for the latest period in the most recent annual financial statements (year ended 31 March 2010)**

		Effect of Transition to IFRS			
	2009/10 IFRS structure UKGAAP	(1) Absences	(3) Grants	(4) Other	**2009/10 IFRS**
	£000	**£000**	**£000**	**£000**	**£000**
Net (surplus) or deficit on the provision of services	13,693	131	(9,956)	(3,253)	615
Adjustments for non-cash movements	(14,675)	(131)	9,956	3,253	(1,597)
Adjustment for items that are investing and financing activities	0				0
Net cash inflows from operating activities	**(982)**	**0**	**0**	**0**	**(982)**
Investing Activities	865			(20,203)	(19,338)
Financing Activities	237				237
Net (increase) or decrease in cash or cash equivalents	**120**	**0**	**0**	**(20,203)**	**(20,083)**
Cash and cash equivalents at the beginning of the reporting period	11,928			3,001	14,929
Cash and cash equivalents at the end of the reporting period	**11,808**	**0**	**0**	**23,204**	**35,012**

Notes:

1. Short-Term Accumulating Compensated Absences:

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the council. The most significant benefit covered by this heading is holiday pay, and primarily includes teachers as employment contracts in this case are on a termly basis. At 1 April 2009 £3.953m relates to teachers and £0.860m all other staff, and at 31 March 2010 teachers is £4.041m and other staff £0.903m. A creditor is included in the CIES and balance sheet for these items, with a corresponding adjustment in the MiRS and Unusable Reserves on the balance sheet so there is no impact on the General Fund Balance.

2. Non Current Assets:

A new classification of assets has been created under the Code called Assets Held for Sale, which represent assets with a high likelihood of being sold in the next financial year. A number of assets have been reclassified from Property, Plant and Equipment (Surplus Assets) to this new category.

3. Government Grants:

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 Balance Sheet.
- Portions of government grants deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.

There is no change to the General Fund Balance, as capital grant income is transferred out of the General Fund under both the previous and current accounting policies.

Certain revenue and capital grants which were previously accrued in the accounts, are now taken into the CIES either in Cost of Services or in General Grants. These are for grants where no conditions are attached to their future use, and there is no likelihood of repayment to the awarding body. These are adjusted in the MiRS so there is no effect on the General Fund Balance.

4. There are other adjustments prescribed in the Code that are included to provide a complete analysis of the transition to IFRS:

- Cash and cash equivalents – this is a wider definition than under UKGAAP. Short term deposits which can be readily converted to cash are now included in the definition and the balance sheet and cash flow statements restated accordingly;
- Short term provisions – this is a new category on the balance sheet. Total provisions on the balance sheet have been reviewed and split between short term, i.e. likely to be used in the next financial year, and long term

collection fund

About this account

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non-domestic rates and council tax, and illustrates the way in which these have been distributed to precepting authorities and the Council's own General Fund.

2010 £000	Year ended 31 March	Notes	2011 £000
	INCOME		
(88,828)	Income from Council Tax Payers	**1**	(90,819)
(12,390)	Transfer from General Fund for Council Tax Benefits		(13,019)
(140,755)	Income from Non-Domestic Rate Payers	**2**	(135,090)
(241,973)	**TOTAL INCOME**		**(238,928)**
	EXPENDITURE		
	Precept Demands :		
86,172	- Trafford Council		87,894
10,654	- Greater Manchester Police Authority		11,466
4,076	- Greater Manchester Fire Authority		4,183
	Non-domestic Rates :		
140,290	- Payment to national pool	**2**	134,627
465	- Costs of Collection		463
	Bad and Doubtful Debts/Appeals :		
	Council Tax		
86	- Debt written off		148
344	- Increase/(decrease) in provision for doubtful debts		277
	Contributions :		
350	- Distribution of previous years' estimated Collection Fund Surplus	**3**	351
242,437	**TOTAL EXPENDITURE**		**239,410**
464	**(Surplus) / Deficit for year**		**482**
(1,308)	(Surplus) / Deficit as at 1 April		(844)
(844)	**(Surplus) as at 31 March**	**4**	**(362)**
	Allocated to:		
(716)	- Trafford		(307)
(94)	- Greater Manchester Police Authority		(40)
(34)	- Greater Manchester Fire Authority		(15)
(844)			**(362)**

notes to the collection fund

1. Council Tax

This tax was introduced on 1 April 1993 with all domestic properties placed in one of eight valuation bands. The Government has determined that the Council Tax payable in each band will be a specified fraction of the middle valuation band, known as band D.

Each year, the Council must estimate the equivalent number of band D properties, after allowing for discounts, exemptions, losses on collection etc. For 2010/11, the calculation was as follows:

	Total No. Dwellings (i)	Specified Fraction	Band 'D' Equivalent
Band A (disb)	13	X5/9	7
Band A	15,079	x6/9	10,053
Band B	17,880	x7/9	13,907
Band C	23,191	x8/9	20,614
Band D	13,091	x9/9	13,091
Band E	6,931	x11/9	8,471
Band F	4,041	x13/9	5,837
Band G	3,815	x15/9	6,358
Band H	854	x18/9	1,708
	84,896		**80,047**
Less allowance for losses on collection			**(601)**
Council Tax Base			**79,446**

i) The actual number of properties was 96,489, after adjusting for single person discounts, empty properties, etc., the notional number of dwellings is 84,896.

ii) The Band D Council Tax levied for the year was £1,302.21 (£1,270.47 in 2009/10).

2. Non-Domestic Rates

The Council collects non-domestic rates for its area, which are calculated by reference to the rateable value determined by the District Valuer and multiplied by the uniform rate as set by the Government. The income from Business Ratepayers is as follows:

2009/10			2010/11	
£000	£000		£000	£000
	162,422	Gross Debit for Year		154,424
		Less:		
(19,252)		Allowances and Reliefs	(17,836)	
(1,555)		Provision for Bad Debts	(1,150)	
(860)		Deferral Scheme liabilities	(348)	
	140,755	Income from Ratepayers		135,090
	(465)	Less Costs of Collection		(463)
	140,290	**Payment to NNDR Pool**		**134,627**

The total non-domestic rateable value at 31 March 2011 is £393,609,768, and the national multiplier applicable for 2010/11 is 41.4p (40.7p for small businesses).

3. Estimated Surplus and Deficits

Regulations require the Council to make estimates in January each year of the surplus or deficit likely to arise at the year end, and to transfer these amounts into or out of the collection fund in the following financial year. In January 2010 there was an estimated surplus of £(0.351)m (£(0.350)m in January 2009). This was distributed to the relevant precepting bodies as shown below, with Trafford's element utilised to support General Fund expenditure during the year.

2009/10 £000	Distribution of Estimated Surplus on Collection Fund	2010/11 £000
(300)	Trafford	(300)
(36)	Greater Manchester Police Authority	(37)
(14)	Greater Manchester Fire Authority	(14)
(350)	**Estimated Collection Fund Surplus**	**(351)**

4. Actual Year End Surplus

The opening balance for the Collection Fund for 2010/11 was £(0.844)m surplus. The £(0.362)m surplus which had accrued at the year end is in respect of Council Tax transactions and will be distributed in subsequent years to the Council's General Fund, GM Police Authority and GM Fire and Rescue Authority.

2009/10 £000	Allocation of Actual Surplus on Collection Fund	2010/11 £000
(716)	Trafford	(307)
(94)	Greater Manchester Police Authority	(40)
(34)	Greater Manchester Fire Authority	(15)
(844)	**Estimated Collection Fund Surplus**	**(362)**

In the Balance Sheet at 31 March 2011, the Council has included the £(0.362)m surplus on a disaggregated basis as a Creditor to GM Police Authority and GM Fire Authority to the value of £(0.055)m, and a £(0.307)m attributable surplus on the Collection Fund balance alongside the General Fund.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

(A) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or

(B) the actuarial assumptions have changed**.**

Area Based Grant

A non-ringfenced grant from the Government to local authorities, which replaced a number of specific grants between 2008/09 and 2010/11.

Capital Financing Charges

The annual charge to the revenue accounts in respect of interest and principal repayments of borrowed money together with leasing rentals.

Capital Financing Requirement

This reflects the Council's underlying need to borrow for a capital purpose. It forms a basis for calculating the minimum revenue provision (MRP), which is the amount required to be set aside as provision to repay debt.

Capital Grants

Grants received towards capital outlay on a particular service or project.

Capital Receipts

Money received from the sale of surplus assets such as land or buildings that is used for new capital expenditure or to repay debt.

Capital Receipts Pooling

New regulations came into force on 1 April 2004 which required authorities to pay over to the Government a proportion of the proceeds from the disposal of housing assets.

Carrying Amount

This equates to the level of principal outstanding on loans and investments together with any accrued interest.

Collection Fund

The Collection Fund records transactions in respect of the council tax, community charge, non-domestic rates and revenue support grant receipts and illustrates the way in which these have been distributed.

Community Assets

Non-current assets that an authority intends to hold in perpetuity and have no determinable useful life.

Coupon Rate

The interest rate stated, expressed as a percentage of the principal (face value).

Creditors

Amounts owed by the Council for work done, goods received or services rendered but for which payment has not been made at the date of the balance sheet.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Curtailment

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

Curtailments include:

- termination of employees' service earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and
- termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DCLG (Department for Communities & Local Government)

This is the Government department which has the main responsibility for Local Government.

DfE (Department for Education)
This is the Government department responsible primarily for schools. It administers the majority of funding for schools including Dedicated Schools Grant, the major form of financial support.

Debtors
Sums of money due to the Council but which are unpaid at the date of the balance sheet

Deferred Debtors/Deferred Capital Receipts
Corresponding entries relating to sums due at some time in the future, for example from the sale of council houses purchased with the help of mortgages granted by the Council.

Defined Benefit Scheme
A pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme
A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation/Amortisation
An amount charged to revenue accounts to represent the wearing out of non-current assets.

Direct Service Organisation (DSO)
The in-house team which has won a contract to carry out work, or provide a service following a competitive tendering process.

Discretionary Benefits
Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the authority's discretionary powers.

Effective Interest Rate
The rate at which debt charges are applied to the comprehensive income and expenditure statement.

Expected Rate of Return on Pensions Assets
For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

General Fund
The main revenue account of the Council into which the Council's precept from the Collection Fund and specific Government grants are paid and from which is met the cost of providing services.

Impairment
A reduction in the recoverable amount of a non-current asset. An impairment charge can be caused by a clear consumption of economic benefits or by a general fall in prices.

Income
Amounts which an authority receives, or expects to receive, from any source. Income includes fees, charges, sales and Government grants. The term "income" implies that the figures concerned relate to amounts due in a financial year irrespective of whether or not money was actually received during that year (i.e. on an accruals basis).

Indemnified
To protect against damage, loss or injury; insure.

Infrastructure Assets
Those non-current assets from which benefit can be obtained only by continued use of the asset created e.g. highways, footpaths and bridges.

Interest Costs (Pensions)
For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investments (Pension Fund)
The investments of the Pension Fund will be accounted for in the statements of that fund. However authorities (other than town parish and community councils and district councils in Northern Ireland) are also required to disclose, as part of the transitional disclosures relating to benefits, the attributable share of pension scheme assets associated with their underlying obligations.

Large Scale Voluntary Transfer (LSVT)
This is the name given to the process of transferring the Council housing stock out of Council ownership into another not for profit social housing organisation, such as a housing association.

LAA Local Area Agreement
The council is a participant in an LAA – a partnership with other public bodies involving the pooling of Government grants to finance work towards jointly agreed objectives for local public services.

NNDR
National non-domestic rates, payable by businesses.

NNDR Pool
A fund administered by the DCLG into which are paid business rates collected by local authorities. The DCLG pay out of the fund a per capita amount to all local authorities.

Pay and Reward Improving Services (PARIS)
Comprehensive pay and grading review to ensure a fair and equal pay structure across the Council.

Past Service Cost
For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employees service in prior periods arising in the current period as a result of the introduction of, or improvements to, retirement benefits.

Precept
The amount levied by one authority which is collected on its behalf by another.

Private Finance Initiative
An agreement with the private sector to design, build and operate facilities specified by an authority in return for an annual payment.

Projected Unit Method
An accrued benefits valuation method in which the scheme liabilities make allowances for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- the accrued benefits for members in service on the valuation date.

Provisions
Sums set aside for losses or liabilities which are certain to arise but cannot be quantified with certainty.

Reserves
Amounts set aside to meet future costs.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date, or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Capital expenditure which does not produce a tangible asset (e.g. improvement grants or other expenditure on assets the authority does not own). These are charged directly to revenue in the year expenditure is incurred but are treated as capital for control purposes.

Revenue Support Grant (RSG)

A grant paid by Central Government to aid local authority expenditure generally.

Revenue Contributions

Refers to the financing of capital expenditure directly from revenue in one year rather than from loan or other sources.

Revenue Expenditure

Recurring expenditure on day to day expenses such as employees, running expenses of buildings, equipment and capital financing costs.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

Settlement

An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- the purchase of an irrecoverable annuity contract to cover vested benefits; and
- the transfer scheme assets and liabilities relating to a group of employees leaving the scheme.

Soft Loan

This is where credit is given to an external organisation or individual at conditions which are more favourable than market rates.

Stepped Interest Rate Loans

A loan agreement where one rate of interest applies for the primary period of the loan and another rate for the remainder, or secondary period.

Trust Funds

Funds administered by the Council on behalf of others, for purposes such as prizes, charities, specific projects, and on behalf of minors.

Unsupported Borrowing

Borrowing undertaken to finance capital expenditure where the related debt costs are paid for by the authority or from other income.

Vested Rights

In relation to a defined benefit scheme, these are:

- for active members, benefits to which they would unconditionally be entitled on leaving the scheme:
- for deferred pensioners, their preserved benefits:
- for pensioners, pensions to which they are entitled.